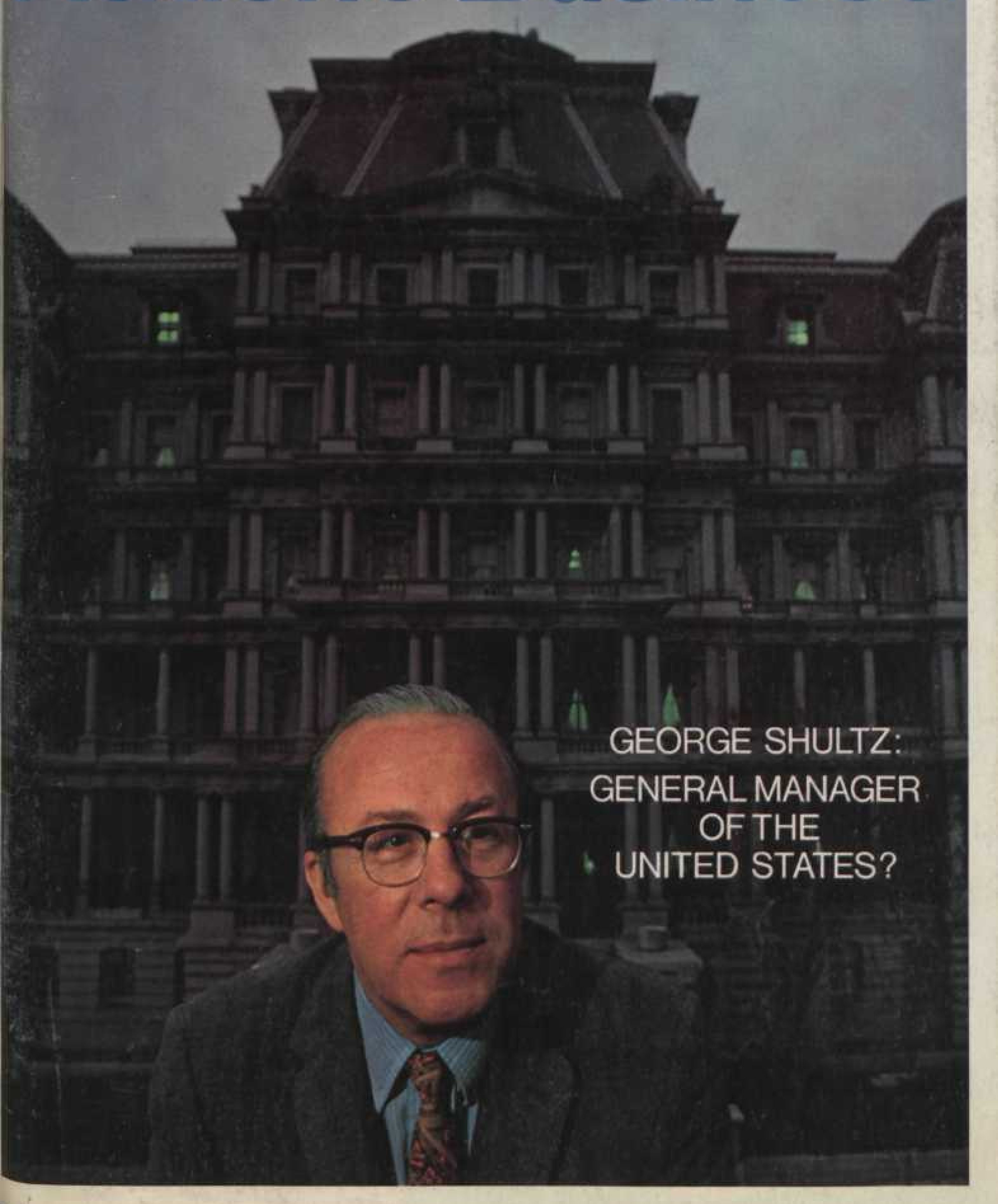
A USEFUL LOOK AHEAD FROM WASHINGTON

MARCH 1971

Nation's Business



GEORGE SHULTZ:
GENERAL MANAGER
OF THE
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World championship power

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This is the Big One. In *everything* except size.

It's Evinrude's exciting Starflite 125-S — new total-performance version of the rugged racing V-4 that proved unbeatable in World Championship outboard competition.

It has the same piston displacement — 99.6 cu. in. And the same super-efficient powerhead. But instead of being tuned and geared and propellered for all-out 100 mile-an-hour speeds, it's built and geared and tuned to do *all the things* a high performance outboard ought to do.

It's built to last as well as go fast. To drive big offshore boats in big offshore seas. To move hot ski boats and fast runabouts at eye-watering speeds. To do whatever you ask it to do. And to keep on doing it, year after year.

At 125 horsepower, it's more than a match — *in all departments of performance* — for bigger motors with higher power ratings. (Wait till you try it with the new accessory stainless steel SST propeller!)

No outboard ever delivered so much performance — with such quiet, inconspicuous elegance — as the new push-button Evinrude 125-S.

It's the way to go — when you want to go fast — *First Class.*

Write for catalog, Evinrude Motors, 4083 N. 27th St., Milwaukee, Wis. 53216.

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Div. of Outboard Marine Corporation

Nation's Business

Cover photograph by Yoichi Okamoto

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MARCH 1971 | MORE THAN FIVE MILLION BUSINESS AND PROFESSIONAL PEOPLE AND COMPANIES.

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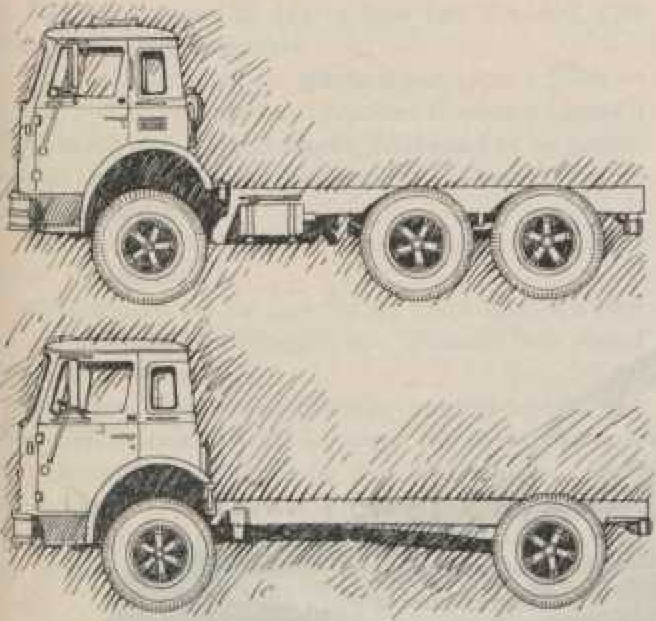
we build Cargostar so many different ways.



Next, we'll zero in on other important components, like rear axles... clutches... transmissions. (You can even get an automatic.)

You don't compromise on anything when you order Cargostar. Whether your job is inner-city transfer or city-to-city hauling, you get a truck that earns more for you because it's built for you.

would be silly for us to even try to describe them all here. So we'll make it easy: you tell us your exact on-the-job needs, and we'll tell you all about the Cargostar we build that's perfectly matched to that job.

First, we'll tell you which of the Cargostar models you'll need. They range from lightweight single-axle to heavy-duty tandem rear-axle models. Then we'll tell you which of nearly a dozen engines you ought to have. Gas or diesel... clear up to 257 HP.

And you get more than efficiency, and economy. Cargostar is built to help your driver and crew do a better job, too. The cab is 84 inches wide so two or three men can ride in comfort, leaving plenty of room for the driver. It's a handsome cab, with the comforts of those big, plush long-haul CO's.

Ask us about the new Cargostar. Because the work is easier when the truck is right.

INTERNATIONAL® TRUCKS

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If you lost your key man could you afford someone to fill his shoes?

You could with our key-man life insurance.

Chances are your business is insured against every disaster known to man: fire, burglary, flood, windstorms—the works.

The works, except for one important possibility you may be overlooking.

What would happen to your business if something happened to your key man? Would you have the immediate cash to cover any temporary dip in business? Enough to encourage a competent man to take the place of the man who died?

You most certainly would if your business was properly protected with our key-man life insurance. Another thing, more often than not, *you* are the key man.

Wouldn't you like the peace of mind of knowing you have made it easier for your family to carry on the business if anything should happen to you?

Your New York Life Agent will tell you more about it.

He's a good man to know.

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For a happier life

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Life, Group and Health Insurance, Annuities, Pension Plans.

MEMO FROM THE EDITOR

Nation's Business • Published by the Chamber of Commerce of the United States • 1615 H Street N.W., Washington, D. C. 20006

If this issue looks to you a little like the *AFL-CIO News*, it's understandable.

After all, we have an article about labor's goals in 1971, and profiles of Auto Workers President Leonard Woodcock and George Shultz, who used to be Secretary of Labor and is now often called "General Manager of the United States."

Plus our "Sound Off" question: Should strikers receive welfare aid?

Why should we be running all this? Well, it's part of our constant effort to give you "a useful look ahead from Washington."

This year will be particularly troublesome in the labor-management field. Business trends as a whole will be seriously affected by the steel workers' union confrontation with industry this summer. And many other industries will face negotiations that will be just as serious to them, even if they don't grab the headlines.

At this writing, a railroad strike is entirely possible in the near future. In coming months the telephone workers and telegraph workers will also reach contract deadlines. So will the longshoremen and the once-dreaded United Mine Workers.

You'll get clues to what they all want, as well as to the unions' legislative ambitions, in the article beginning on page 24.

Why a profile of Leonard Woodcock? It's not that we love him, or vice versa. But he and his union have set the pattern in their settlements with the auto makers that other unions will be trying to match or exceed.

Mr. Woodcock is also a new figure in the top union hierarchy, one with whom businessmen are not as familiar as they are with the Meanys, Hoffas and the like. So we thought you'd like to know more about him. You'll find the report, based on long talks with him as well as others, on page 27.

The reason for our in-depth report on Mr. Shultz is a bit different. He has become perhaps President Nixon's closest adviser. It will be interesting to see whether his philosophy that the government should keep hands off labor disputes will prevail this year.

I don't think the "Sound Off" needs any comment here. I'll bet you have plenty.

• • •

Another "useful look ahead" is the official tax calendar for the rest of the year, which starts on page 79. It tells you what to do on the deadlines for federal tax actions. Incidentally, this is the only place such a complete calendar is available, as of now. The Internal Revenue Service hasn't published its own version, but cooperated with *Nation's Business* so we could bring you the information.

You'll be interested, too, in the report on your votes for "The 10 Greatest Men of American Business." We had a flood of ballots from you readers, and drew special attention from business journalists, broadcasters and academicians.

You'll find biographical sketches of the winners beginning on page 44. We'll be honoring their achievements—unfortunately, all are deceased—through their companies and in other appropriate ways.

Speaking of honors, our Associate Editor Vernon Louviere recently received a mighty high one here in Washington. He was elected president of the National

Press Club without opposition. The National Chamber and *Nation's Business* were honored by the turnout of Washington officialdom and business executives at his inauguration.

That's Vern at left being sworn in—with his hand on a bottle of Tabasco—by Sen. Allen Ellender of Louisiana, president pro tem of the Senate and fourth in line of succession for the U. S. Presidency.

The Tabasco sauce? Well, Vern's from New Orleans and even uses it on ice cream.

Jack Wooldridge

LETTERS

EARLY RETIREE SEES CRISIS IN JOB TRAINING

• With much interest I have just finished reading "The Early Retirement Time Bomb" [February].

As a fairly recent early retiree I would like to send you some thoughts from the employee's side.

Far from my being disillusioned by early retirement it has meant to me the end of a nonending progressive nightmare of approximately 10 years' duration.

As a highly skilled craftsman I had, through hard work, reached the top in my profession. I had been privileged to help develop virtually every major communication system, rocket guidance system, nuclear power system, etc. that we have produced since World War II.

Then, through the efforts of unions and the cooperation of the company, there came upon us the idea that a youngster "fresh-hired" out of school or the service deserved almost as much money as the older, skilled craftsman.

This developed a situation in which most incentive to strive and learn on the younger men's part was killed, and the employer could not afford to pay for a decent apprenticeship for them.

Therefore, in increasing amount over the past 10 years, my time was devoted to handling rush jobs on reorders, after the jobs were scrapped because of lack of experience on the workmen's part, or to trying to rework jobs "loused up" for the same reason. I am very thankful it is over.

It is time for labor, management and our educational system to take a good, hard look at the value of the old apprenticeship program that built our production system initially.

A young man should start at a low enough salary that the employer not only can afford to pay him during his apprentice period but can allow an instructor enough time to train him. Also, at much lower starting wages the incentive to really strive will be there.

Furthermore, I sincerely hope that having so many early retirements will help managers to realize the value of their older skilled craftsmen and that these craftsmen's skills will be used to develop the ever increasing number of younger employees.

If not, I'm afraid we will be in serious trouble by 1980.

WILLIAM O. SHAFER
Idaho Springs, Colo.

"Great Moments" are timely

• Bravo to "Great Moments and Great Men of American Business" [January].

With our industry feeling the whiplash of our strange economy, it's inspiring and comforting to be reminded how others overcame temporary adversity. Having the flexibility to change with changing times and markets was the key to success then, as it is now.

I'll communicate these inspirations to our industry, as we too need a shot in the arm.

RICHARD A. LENET
Marketing Services Manager
National Institute of Drycleaning
Las Vegas, Nev.

• The "Great Moments" are very interesting and informative. I was happy, of course, that you saw fit to include my article relating to the birth of alloy steels at Canton, Ohio. It seemed to me an appropriate subject for such a series.

TOM PATTON
Chairman of the Board
Republic Steel Corp.
Cleveland, Ohio

• The copies of NATION'S BUSINESS containing the story on Smirnoff were received with considerable excitement here.

Thank you for initiating this, and giving us a chance to participate.

JOSEPH M. McGARRY
Vice President
Heublein, Inc.
Hartford, Conn.

• The series is remarkably well done. I use this material in my economics

Help.

It comes from the top in Louisiana when problems come up.

And come up they do, just as in any other state. But in Louisiana we believe the first step in solving a problem is to admit it exists. So we were the first state in the union to create a labor-management commission, with powers to investigate strife. The commission reports directly to the governor. *Whenever* help is needed, the governor keeps on top of the situation himself, personally joining in and alerting business, labor and industry as to what's being done. We don't have *all* the answers. But we have a good many. And we're trying to find more.

Let us tell you more.

Write for our factual color brochure, "Louisiana's Big Six Industrial Advantages," care of William T. Hackett, Jr., Executive Director, Dept. of Commerce and Industry, Dept. 112, P. O. Box 44185, Baton Rouge, La. 70804. (504) 389-5371.

LOUISIANA

The Right-to-Profit State

New Orleans... by Willy Mucha, Chevalier de L'Ordre des Arts et Lettres

New Orleans... the indomitable Crescent City with a treasured past. Now, modern. Bright. Flourishing. Forever young and joyous. A Phelps Dodge city where it's all happening.

Copper...man's oldest metal. Once irreplaceable for lining the bottoms of New Orleans privateers...for French Quarter roofs, gutters and cooking utensils. Today, still irreplaceable...essential to modern living.

Look, and you'll find our copper and alloy products everywhere...from Pontchartrain to the levees. Phelps Dodge copper pipe carrying gas and water...our copper-nickel condenser tubes at local power plants...our high- and low-voltage wires and cables distributing electrical power. Telephone wire and cable, communications antennas, coaxial cable, magnet wire, bronze valves and fittings, copper mill products.

You can't always see us, but our experience and imagination are at work wherever you go in New Orleans.

phelps dodge
Copper Aluminum Alloy Products

classes and the respect for the free market system has gone up as a result.

RANDALL STORMS
Headmaster
Wichita Collegiate School
Wichita, Kans.

Ginzburg, pro and con

• Beautiful bit about Ralph Ginzburg's new rag ["Memo From the Editor," January].

I subscribed to his *Avant-Garde* for a year and got only six issues. In offering subscriptions, all publications should be required to specify exact number of issues they intend to put out. Especially a publication aimed at preventing its readers from falling for dastardly frauds.

At any rate, I wonder how many reputable books will carry Ginzburg's ad after your denouncement?

ROBERT W. SMITH
Account Executive
Brown Clark Elkins & Moses, Inc.
Los Angeles, Calif.

• I'm shocked and surprised to see NATION'S BUSINESS turned down the advertising revenues from the "YOU'RE BEING ROBBED" ad.

After reading the ad once, and seeing it in a dozen places, I do not see that the untruths therein are any more blatant than those in a couple of ads you did carry.

D. L. VON PONTZ
Division Controller
Scientific-Atlanta, Inc.
Atlanta, Ga.

Voters' pay veto?

• Re the "Memo From the Editor" [December] which mentions Congressmen's pay.

I am distressed at the ease by which these "employees" of ours can dictate their own salaries and pensions—not only on the federal level, but also on the state and local levels, and I feel that no elected official or officials should be allowed to set or raise salaries without the approval of the citizens by vote.

FRANCIS X. MANNING
Towson, Md.

More overs?

• Traditionally, it has been considered not courteous to write on both sides of the paper when you write a letter.

The tradition began, it may be guessed, because it used to be difficult to read a letter on which both sides had been written.

However, with modern paper, modern pens and modern machines such as the typewriter, that difficulty no longer exists.

Now, when we write letters and make notes, we ought to use each side. Through using less paper, there will be less paper to throw out into the garbage.

Garbage gets burned, which may lead to air pollution. Or garbage gets buried in landfills, which are becoming so full in Nassau County, N. Y., that about 1972 there will be no more room in them.

There is also an economic advantage to this idea. Businesses, colleges, governments and individuals would save money by not buying as much stationery for letters to clients

11/10/70 COMMUNITY H
DAILY ACCOUNTS RECEIVA

BEGINNING ACCOUNTS RECEIVABLE BALANCE, DISCH
BEGINNING ACCOUNTS RECEIVABLE BALANCE, IN-PA

TOTAL BEGINNING ACCOUNTS RECEIVABLE BALANCE

REVENUES:	INPATIENT
ROOM, NURSING CARE, & MEALS	2,966.00
SPECIAL CARE, RECOVERY	86.00
NURSERY	152.50
OPERATING ROOM	

John Price, controller, Community Hospital of Brazosport, uses this System/3 report to keep track of the money received every day. IBM has a booklet called "Management Reports in the Small Business." For your copy, write: Director, Basic Systems Marketing, Dept. 807ENB, IBM Data Processing Division, 1133 Westchester Ave., White Plains, N.Y. 1060

RETURNED CHECKS	1
DEFAULTED BANK NOTES	50
REFUNDS	2,70
AMTS TRNSF. FROM OTHER ACCTS.	1
AMTS TRNSF. TO OTHER ACCTS.	
BAD DEBTS	
CHARITY	

TOTAL ADJUSTMENT DEBITS
TOTAL ADJUSTMENT CREDITS

ENDING ACCOUNTS RECEIVABLE BALANCE, ALL PATI

L
TIVITY REPORT PAGE 1

AND OUT-PATIENT ACCOUNTS 064.349.31
ACCOUNTS 54.544.55

718.893.86

TPATIENT	TOTAL
.00	2.966.00
.00	80.00
.00	152.50
.00	496.40
188.00	198.50
139.82	930.22
37.50-	143.00
409.50	1.819.50
12.50	2.324.00
.00	175.00
.00	292.50
.00	272.00
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712.32

When John Price discovered System/3, he discovered how much money he had on hand.

John Price is the controller of the Community Hospital of Brazosport in Freeport, Texas. A small but busy hospital with about three new babies in the maternity ward every day.

As in most hospitals, his major source of cash is from insurance company payments. Which he must have on hand to pay daily hospital costs on everything from drugs to maternity supplies.

But John found that he didn't know from day to day whether he had enough money for hospital supplies. Every minute was spent simply trying to get patients' statements out.

That's why he got IBM's new small business computer, System/3.

Now his System/3 bills each patient. And then each patient's insurance company, with an itemized bill that includes any of 3,000 possible charges.

If any insurance company needs special information, System/3 will soon handle that as well.

With faster, more accurate billing, John Price gets faster, more accurate payments.

And because System/3 also keeps a daily record of all insurance company payments, John always knows how much money he has on hand. And exactly where that money has come from.

It takes up-to-date information to keep ahead in your work. John Price gets it. So do more than one thousand other organizations now using System/3.

To learn how you can profit from System/3, contact your local IBM office.

IBM

The company behind the computer.

LETTERS *continued*

and constituents, memorandums to personnel, and so on.

Suppose an organization or individual is afraid of looking "cheap" through using both parts of the sheet. In order not to feel embarrassed, it is merely necessary to put at the bottom of the last side, "Conserve Resources. Use Less Paper."

HOWARD S. AGAR
East Meadow, N. Y.

Finding Mr. Fronko

• How can I get in touch with Edward G. Fronko of GE's Business Opportunities Service ["Panorama of the nation's business," February]?

HENRY MEAD
Alexandria, Va.

[*Editor's Note: His office is at One River Road, Schenectady, N. Y. Telephone: 518 374-2211.*]

Those extra benefits

• Re "Executive Trends" [January].

The suggestion by Towers, Perrin, Forster & Crosby that you can show an employee he is actually in a 25 per cent higher pay bracket is difficult to believe.

First, today in most companies the benefit package is inclusive to all employees from the president to the stock boy. Secondly, and probably most important to the employee, when he attempts to buy a house the $8,000 is all that counts, not the $10,000 he is costing the firm.

Third, I personally would, if given the option, take the percentage cost of the benefits in cash. An exception to this would be companies' matching savings or investment plans.

R. J. THORNE JR.
San Jose, Calif.

Commodity market economics

• The commodity market is not a warehouse of unlimited storage capacity where unlimited amounts of production can be stockpiled against some future need.

A high rate of unemployment and a need for welfare are clear indications that the commodity market's ability to function as a storehouse has reached its limit.

Unemployment also is a clear indication that the amount of production seeking entrance to the market exceeds the amount of production being withdrawn from the market.

And unemployment is a clear indication that the amount of saved production stored in the commodity market exceeds the needs of private borrowers.

The assumption that no matter how great the stock of saved production may become, enterprisers will invariably borrow all of it to implement a still greater production, regardless of whether more production is needed or not, has been proved to be false. Witness the employment-destroying inventories of the early 1930s.

The iniquitous scheme of drafting unborn taxpayers to become involuntary borrowers of the otherwise-unborrowed dollar receipts for saved production stored in the market—in order to clear the market of unmoving inventories and maintain employment—has backfired in inflation.

A man's right to save his production towards his old age is of course inalienable.

But, does any man, in his quest for the dollar warehouse receipts, have a God-given right to store so much of his saved production in the commodity market as will deny other men access to that market?

A fully civilized approach to that question would solve most of our social and economic problems.

C. F. DAVIDSON
Grand Junction, Colo.

Article can help others

• Re "The Uphill Road to Black Capitalism" [December]. I think the author, C. L. Frankel, brought up a lot of true points. I hold a small business loan and being a Negro this means a lot to me. I have gained from the article. I wish a lot of other members of my race would read it, too.

ELROY McHENRY
Owner-Manager
Port Lavaca Janitorial Service
Port Lavaca, Texas

(S)pending deficit?

• Thank you for the succinct, circumspect editorial, "A Better Idea" [January], which says the government needs an incomes policy without the "s." In reading it, I also omitted the "s" from deficit spending.

CHARLES S. DOWNES
Headmaster
The York School
Monterey, Calif.

EXECUTIVE TRENDS

BY JOHN COSTELLO
Associate Editor

- Rewards of risk-taking
- Chips off the old block
- Why planning is a must
- Map of the HUD jungle

Paying off the venture manager

Bill Brown made a lot of dough for Global, Inc.

Global wanted growth. Its five-year plan called for added sales of $500 million.

It made everything from women's wear to plastics. But existing products would add only about half its planned gain. New products were the answer.

"Let's take a look at recreation vehicles," the top brass decided.

They made Bill quarterback for the project.

He researched it, wangled resources, got a good vehicle and sold it like crazy.

The company cleaned up.

So did Bill.

Global set up a subsidiary to make the product. Bill got 20 per cent of the stock—and a call on 15 per cent more at seven times earnings.

Global kept an option—which it exercised—to buy the stock back later at market price. Bill made a cool $4 million profit.

Bill's story is mythical, but the details are not unrealistic.

"This is one way big corporations repay risk-taking venture managers," says Towers, Perrin, Forster & Crosby, management consultants.

"Others include bonuses, a share of the venture's pretax earnings, or simply a higher salary."

More than a third of 100 top corporations studied recently by TPF&C have tried some form of venture management.

Typically, it's used to make and market a new product—or enter a lush-looking new field.

"The venture manager is in charge of making it work," TPF&C comments.

"He may head a special task force or a venture department. Sometimes he's made boss of a separate venture company. But usually, a firm does that only when it has a lot of new irons in the fire."

How to pay the venture manager is one of the problems.

"Some companies," TPF&C says, "feel he's taking no special risks.

"Others believe he's a potential fall guy. If the project flops, his career is tarnished—even if he isn't canned."

Venture management is no cure-all in the corporate growth area, the study warns. But its future seems solid.

"Right now, venture functions account for $750 million in annual sales," the study says. "By 1975, they're expected to generate $7.5 billion."

Where business executives come from

They're often chips off the old block.

Nearly half are sons of other businessmen.

By contrast, only a third of federal executives are. And only a fifth of college presidents had a dad who owned a business, large or small, or ran one.

Dr. Michael R. Ferrari, acting chairman of the Department of Management at Kent State University's College of Business Administration, points this out in a recent article in *California Management Review.*

Yale produces more top business executives than any other school. For federal officials, George Washington University is the No. 1 alma mater.

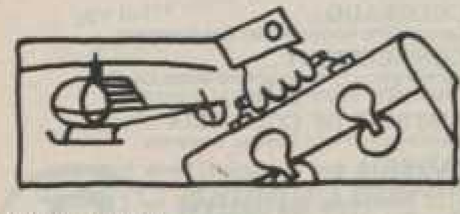
The University of Chicago, on the other hand, leads all others as the campus home of future college presidents.

However, Dr. Ferrari points out, college is not the *sine qua non* of

EXECUTIVE TRENDS

continued

success. Forty-three per cent of the nation's business leaders made it without a college degree. And one out of six grew up in a family where the father was a skilled or unskilled laborer.



Filling that vacant slot

If you're stumped, *Consultants News* may be able to help you.

It now publishes a directory ($5) of some 300 U. S. executive search firms.

The directory lists—where the information is available—salary ranges in which the firms operate. Also, any areas of specialization, such as marketing.

You can get it by writing 342 Madison Ave., New York, N. Y. 10017.

Some of the firms will accept résumés from executives who are job-hunting. But not all will.

Their job is filling requests from companies for new management talent.

One dramatic example: Ward Howell Associates answered a hurried SOS from Investors Overseas Services for a successor to President Bernie Cornfeld.

The search took five weeks, and of the dozen prospects, four were flown to Geneva for personal interviews. Robert E. Slater, former head of John Hancock Mutual Life Insurance Co., was hired for the job, which pays more than $100,000 a year.

The search firm's usual fee is 25 per cent of the first-year salary.

How to make her a travel expert

Direct flight?

Or nonstop?

Does your Gal Friday know there can be a difference?

Oddly enough, some don't.

Executives average 18 business trips a year. Making air and hotel reservations for them can take a lot of a secretary's time. And poor scheduling on her part can make for a bad trip for her boss.

For example, ignoring time zones when he's flying from the East to the West—or vice versa.

Or booking him on a direct or through flight—which at some airline ticket counters means at least one stop en route—instead of nonstop.

If your secretary's a travel tyro, Loew's Theatres, Inc., can help her. The New York-based theater and hotel chain has a useful pamphlet called "The Secretary's Handbook." It has lots of helpful hints on making travel reservations.

Might keep you from missing a plane, or winding up on a park bench overnight.

Payoffs and perils of planning

"It may be okay for General Motors. But it makes no sense for me."

Some executives talk that way about planning, says Raymond A. Hay, president of Xerox Corp.'s Business Products Group.

"But," he adds, "it's not just for corporate giants.

"It's for everyone—who wants to survive. Without it, you're wide open to some rude surprises. Like a new, unexpected competitor. Or finding that demand has dried up for your hottest product.

"Planning's no sure-fire guarantee against bad news. But it sure cuts down the risks."

Mr. Hay offers these planning tips:

- Start with your own aims.

What return on investment are you shooting for?

What average profit margin on revenues do you need?

- Then get answers to these questions:

What are your customers' needs?

How are they met by what you—and your competitors—offer?

How can you make your product or services more competitive?

Can you offer a lower price, better quality, more useful features or better service?

How quickly can you do it?

- Then the final question:

Can you set a price that will cover all costs and yield the return you seek?

"Planning has some booby traps," Mr. Hay warns.

"Aiming too high is the worst. If you shoot for more than the market has to offer, you wind up badly over-invested.

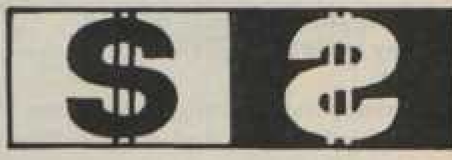
"Aiming too low can be a crippler—if a competitor can move in quickly and siphon off sales."

Nor will planning prevent what happened to one hi-fi manufacturer.

He came out with a superb, low-cost pickup for mono records. His charts showed sales soaring. Then someone invented a practical stereo record player.

His market virtually disappeared.

"The market is ever-changing," Mr. Hay points out. "You must be finely attuned to it—and keep your options open."



Two strings for your bow

Having a Ph.D. is great.

But don't let it stick you in a rut.

"The highly specialized guy is in trouble today," says an executive recruiter, Clem Easly, of Cadillac Associates, Inc., in Chicago.

"For example, I'm sure some of the victims of the solid state, printed circuit revolution are still wondering what happened.

"Research people are specially vulnerable. R&D is often one of the first places to be hit by the cost-cutter's ax and new technology can make your specialty obsolete."

One of the most important lessons an executive can learn from today's austerity is to get a second string for his bow, Mr. Easly says.

"Other interests, other skills, may be salable when the going gets rough," he explains.

"That diploma looks great on the wall. But go over your own background, interests and avocations and see if you don't have other ways to make a buck—if the need arises."

EXECUTIVE TRENDS

continued

Setting goals for salesmen

Sure, sales incentive plans are a good idea, one expert says.

"They reward the top producers.

"But what yardstick do you use to measure performance?"

There's more than one formula, says Edward N. Hay & Associates, Philadelphia-based management consultants.

"Many firms base their sales incentive plans on dollar volume," a spokesman says.

"But not all.

"Some feel that gross profit—the difference between sales price and production cost—is fairer.

"Others peg incentive pay to market penetration. In some cases, it's more to the firm's advantage to reward the sales force for capturing a bigger share of the available market."

Corporate objectives are one factor in planning sales incentives.

"Say the company is young and aggressive—and needs to reach new customers," a Hay spokesman says.

"Then it should hire hard-driving, tiger types. High incentive pay, with relatively low base salaries, works best for them.

"An older company may have different goals. Say its main effort is to hang on to existing customers and its present share of the market. Then higher base pay and lower sales bounties are a better mix."

But there's one rule of thumb all should follow, the spokesman says.

The higher the salesman's risk, the higher his pay.

Why you need a tax expert

The CPAs' and Tax Lawyers' Relief Act of 1969.

That's what some wags dubbed Congress' last complicated rewrite of federal tax law. In case you wonder why, here's an example from Section 509:

"For purposes of paragraph (3), an organization described in paragraph

(2) shall be deemed to include an organization described in section 501 (c) (4), (5), or (6) which would be described in paragraph (2) if it were an organization described in section 501 (c) (3)."

Gordon D. Henderson, New York lawyer, cited that passage at a get-together of the National Investor Relations Institute.

He had a tongue-in-cheek suggestion that was well-received by NIRI. Namely, creating "an office known as that of the Common Man, whose function would be to reject all proposed legislation which is not written simply and clearly enough to be understood by the average citizen."

If so, he averred, "we would have much less, and much better legislation."

When you sell your business

Often, you must promise not to compete in the same area.

How much is that promise worth?

Whatever it is, you'd better put it in the sales contract.

Otherwise, one authority warns, you may find a court putting a dollar value on it.

Here's one case cited by the American Society of Chartered Life Underwriters.

CPA Smith sold his practice to Mr. Jones for $35,000. Mr. Smith agreed not to go into business again in the same area. But the contract set no value on this promise not to compete. Except for $1,000 charged to goodwill, the rest was allocated to items like trade name and client list.

CPA Smith reported the entire sum as a capital gain. But IRS took him to court.

The judge said the pledge not to compete was worth $11,000—and had to be reported as ordinary income.

CPA Smith's reaction: "If we'd put a lower figure in the contract, I think we could have made it stick."

New plants get tax credits of up to 50% a year, for 10 years, in West Virginia

"West Virginia's year-old tax investment credit is dollars-and-cents evidence of the favorable business climate in our state," says Governor Arch Moore. "During the past year a number of major industrial concerns have cited this investment credit as a determining factor in their choice of West Virginia. Because the tax investment credit is granted for a 10-year period, new members of our industrial community can plan ahead with the assurance of total tax stability."

Arch A. Moore, Governor

To increase the profit potential of your next plant, investigate the tax investment credit now available to new and expanding facilities in West Virginia. This business incentive cuts taxes up to 50% a year for 10 years to help make a new plant profitable from the start—to make amortization easier—and to make stockholders happy. Prove for yourself that a move to West Virginia is a wise move. Phone 304/348-2234.

Contact: Lysander L. Dudley, Sr., Commissioner, West Virginia Department of Commerce, Room E-402, State Capitol, Charleston, West Virginia 25305.

Go all out for profits in WEST VIRGINIA

The value of a sheepskin

Sending Junior to college does cost a bundle.

But here's some balm for that aching nerve in your wallet.

The Census Bureau recently figured out what today's 18-year-old will earn in his lifetime, the National Consumer Finance Association notes.

If his education stops at grammar school, his earnings will total $277,000.

If he gets through high school, the average goes up to $371,000.

But if he finishes college, his earnings will average $584,000.

And a graduate degree should add another $52,000—for a lifetime income of $636,000.

(For other thoughts on college's value, see "Sound Off Response" on page 22.)

Finding your way in the housing jungle

Federal urban renewal programs have hardly made a dent in urban blight.

Now, private entrepreneurs are being wooed.

"Come on in," says the Department of Housing and Urban Development, "the water's fine."

One reason more haven't come in may be a lack of knowledge of HUD programs. A thick, luxuriant growth of verbiage surrounds most federal projects.

Now there's a guide that cuts through the verbiage about housing.

In laymen's language, it describes:

- What the major programs are.
- Which are the best bet for private enterprise.
- Where the pitfalls lie.

"Guide to Federal Programs in Low and Moderate Income Family Housing" ($5) is published by The Retail Lumber Dealers Foundation. It describes some 30 government-assisted housing programs.

"Government alone cannot succeed in turning back this tide of blight in urban and rural America," it says. "The active participation of private enterprise . . . must be enlisted in this endeavor."

The lumber dealers' guide tells how.

The electronic calculator that's smart enough for a statistician.

And simple enough for anybody.

The new Friden* 1116 electronic calculator is designed for tough things like expense and percent proration, freight billing and cost-sell ratios.

Yet it's so simple to use that you solve complex problems just as you state them. If you need to multiply and divide a long string of numbers, just insert them all at once. No need to total and re-enter any in-between steps.

No matter how many decimal places you need to work with, you set the 1116's decimal control for the number of places you want *in your answer*. Our automatic decimal placement system lets the decimal "float" as you put numbers in, so you can work with seven places even though you just want to end up with two. It'll round off the answer automatically.

And even if you get an answer bigger than the 16-place display, the 1116 won't lose it. Instead, our "underflow" circuit shifts the answer to the right, decimal and all.

While it's figuring in its two working registers, the 1116 can accumulate your answers and your first entries (multiplicands or divisors) in two memory registers. Automatically. With no extra keystrokes.

It will extract a square root instantly. And even tally up the number of calculations you've made if you add an optional item counter. All these features make the 1116 a highly sophisticated machine. But we've made it so simple that you'll probably learn the whole thing during the demonstration.

All it takes is a call to your nearest Friden office. Or write: Friden Division, The Singer Company, San Leandro, California 94577.

Calculators you can count on from SINGER

* [illegible]

PANORAMA
of the nation's business

BY VERNON LOUVIERE
Associate Editor

A Good Turn for Car Owners

Automobile owners in California who feel they get a bum deal on car repairs now have a place to turn to for effective help: the CARS (Committees on Auto Repairs and Service) Network, set up last fall by the Independent Garage Owners of California.

The committees are made up of expert technicians, law enforcement officials and others capable of evaluating, and taking action on, consumer complaints against auto repair shops.

"IGO of California always has felt its responsibility to help root out the swindlers who give the honest and competent people in this industry a bad image," says Peter S. Carberry, executive vice president of the association.

"We are confident that the CARS Network will work even better than legislation. Laws capable of containing the crooked operators in this business already are on the books. In the past, the problem has been one of enforcement due to lack of technical expertise on the part of law enforcement officials. The CARS Network will supply this expertise." Committees are being established in about 60 communities around the state to investigate and evaluate complaints.

Once it is established that a complaint is valid, committee representatives call on the repair shop and ask for restitution. When friendly persuasion or negotiation fails, CARS turns all its findings and recommendations over to the proper legal authorities.

"If the case goes to court, even in a criminal action, we are prepared to go in with the complainant as expert witnesses," Mr. Carberry explains. "With this knowledge in mind the fraudulent repair shop owner is seldom willing to let the complaint go that far."

In Pasadena, where a pilot committee has been at work for some time, there has not been a single failure in satisfying a car owner's complaint.

IGO is confident the program is well on the way to making its industry "clean" in California.

Making Themselves at Home Abroad

The University of Dallas soon will be turning out "foreign externs" who will work a year overseas and then be ready to earn a master's degree in international management.

The idea is to prepare young men and women to represent American businesses abroad with a firm grasp of host country cultural demands.

What is believed to be the only educational program of its kind is the brainchild of Dr. R. C. Perry, director of the university's Graduate School of International Management Studies. Dr. Perry saw a need for it when he served as vice president of finance of Ranco, Inc., a Columbus, Ohio, manufacturer of heat and moisture control equipment which does about $20 million of overseas business annually.

It has been his experience, Dr. Perry says, that American companies seldom really do much about training people for international operations. "There has simply been no way of teaching them the cultural impact of working abroad," he says.

The first master's degree in international management will be awarded in a little over a year. Fifteen of the university's 475 graduate students have enrolled in the program so far.

To earn this degree a student must spend at least one semester outside the United States working either for a foreign company or a foreign subsidiary of an American corporation.

He will be assigned a normal business project by the company and upon his return must submit a thesis-like report describing the project and his social experiences abroad. Three firms—Honeywell, Inc., Texas Instruments, Inc., and Republic National Bank of Dallas—have already indicated an interest in creating "foreign externships."

Because communication is so important, the externs will be required to pass the Princeton Foreign Language Examination in the tongue of the country in which they will serve.

Dr. Perry believes American business has a big stake in this kind of approach. He explains:

"You might call it enlightened self-interest. U. S companies have a tremendous investment overseas. Many of them have learned through sad experience that merely paying lip service to a foreign culture is not sufficient to guarantee success in their operations abroad."

continued on next page

McDonald's Is Their Kind of Place

McDonald's Corp. believes in letting its employees "do their thing," and that means coming to work in tennis shorts and golf slacks every Friday during the summer months if they so wish.

It may be strange to see casually-dressed employees arriving and leaving the giant hamburger enterprise's corporate headquarters in Chicago's financial district, but it has paid off in office morale and efficiency.

Ray Kroc, chairman of the board, is convinced after two years that he's found the ideal way to cut down on Friday absenteeism during the summer months and at virtually no cost to the company.

Between May and September the McDonald's people come to work a half-hour earlier on Friday, forgo the lunch period, and are dismissed at 1 p.m. Since they are already dressed for it, they can head straight for the golf links, the tennis courts, the ball park or wherever a long weekend beckons.

This is called the "short and casual Friday" and the same practice is followed by McDonald's employees at regional offices in Boston, Washington, Atlanta, Hollywood, Columbus, Ohio, and Oak Brook, Ill.

"We have been able to lift morale and increase employee efficiency, which usually drops on summer Fridays," says Mr. Kroc. "In addition to pleasing employees and promoting efficiency it helps the recreation industry. More people can get to Friday afternoon ball games and to resort areas."

There are a few "don't's" the company insists on, but this doesn't seem to bother employees. Women employees, for example, can wear pants suits year-round, but not blue jeans. Men can wear hair long, but not so long that it touches the collar; and sideburns may only be of ear lobe length.

Businessmen visiting the seven McDonald's offices on "short and casual Fridays" may check their coats and ties at the receptionist desks. A sign proclaims, "We play hookey on Friday afternoons. Why don't you?"

Anyone calling on Chairman Kroc or McDonald's President Fred Turner in their Chicago offices on summer Fridays can expect to find them coatless and tieless.

"I am sure any company that adopts this program will achieve the same results we have," Mr. Kroc says. "I recommend it to every businessman."

Bigger Things Are Seen for Microfilm

A disastrous fire that swept through a Manchester, N. H., department store some time ago destroyed $1.5 million in customer charge account records.

A middle-aged man was arrested in Chicago last year and thrown into a Navy brig after a routine police fingerprint check showed he had been listed in 1945 as a Navy deserter.

These dissimilar incidents might have resulted in great financial loss on the one hand and great indignity on the other, except for one similarity: the role of microfilm in setting things straight. All the store's charge records had been safely committed to microfilm. And similar filmed records in Washington quickly established that the ex-sailor had been honorably discharged years before.

Today, microfilm is everywhere—in hospitals, department stores, churches, banks, automobile service centers, factories, police stations, schools and offices.

The micrographics industry, as it is called, is now a $50-$75-million-a-year business. It is expected to reach the half-billion-dollar mark within 10 years.

"Billions of dollars are being spent annually in the production and dissemination of graphic information on paper in applications where microforms have already shown they can do as good a job at a much lower cost," says Robert F. Asleson, president of University Microfilms, a Xerox subsidiary.

Microfilm's discovery is credited to J. B. Dancer, an English optical manufacturer. In 1839, he astounded friends by reducing a 20-inch document to an image one-eighth inch long.

The first patent was awarded a French photographer, Rene Dragon, who dramatically commercialized his product during the German siege of Paris in 1870. Flying in an aerial balloon across enemy lines he was able to deliver microfilm messages from the French capital to the outside world.

Today, a 1,245-page Bible can be reproduced on a one-inch square piece of microfilm. If the Library of Congress chose, it could store its 270 miles of books and other reference material in six standard filing cabinets . . . by using microfilm.

SOUND OFF TO THE EDITOR

SHOULD STRIKERS RECEIVE WELFARE AID?

Is it right for the federal government to use a company's tax dollars to help support employees who are striking against that company?

It is a fact of life that the longer a striker is able to hold out, the stronger his bargaining position becomes. It is another fact that welfare benefits help strikers to hold out.

Public assistance to General Electric strikers and their families reached an estimated $5 million per week at one point in the 1969 GE walkout. In 1960, some $45 million in relief aid and unemployment benefits was paid out to a half-million steel workers during a 116-day strike. Last year, relief played a role in the General Motors strike.

The money for relief benefits comes, of course, from the taxpayers, corporate and individual.

With the focus primarily on federal food stamps, it has been argued on Capitol Hill that such subsidization of strikers is wrong. During the waning days of the Ninety-first Congress, unsuccessful attempts were made to deny food stamps to any household headed by someone engaged in a strike. In 1968, a no-stamps-for-strikers proposal actually won approval of the House, but died in conference.

The worker who is unemployed because he chose to walk off the job should not be treated the same as the person who is in need for reasons over which he has no control, it is argued.

Furthermore, it is held that by helping strikers, the government is not remaining neutral in their dispute with management. Rep. George A. Goodling (R.-Pa.), taking this position, told Congress use of food stamps by General Motors strikers "raises the serious question" of whether GM should "expect special treatment" from Washington "for any losses resulting from the strike."

Providing benefits for strikers also cuts down on relief available for nonstrikers, it is contended.

On the other hand, it is argued that no family should be denied food or similar aid when need arises, whether or not a strike is involved. And that a union member pays taxes, too.

Rep. James G. O'Hara (D.-Mich.) told the House:

"The Congress has voted billions upon billions of dollars to provide food for the hungry of the world. We feed the prisoners in our prisons. . . . We speed food to the needy wherever they happen to be. Most of the time we do not stop to ask the politics of the hungry. . . .

"I consider it a grave departure from the American system to now say that an American striker should be denied the right to have food which his own taxes have helped to pay for."

What do you think? Should those on strike receive welfare aid?

Jack Wooldridge, Editor
Nation's Business
1615 H Street N.W.
Washington, D.C. 20006

Should strikers receive welfare aid? ☐ Yes ☐ No

Comments:..

....

....

....

....

....

Name and title........................

Company..............................

SOUND OFF RESPONSE

CLASS-CONSCIOUS

"Is college education being oversold?"

By a six-to-one margin, the answer to that question, posed last month for readers who wish to "Sound Off to the Editor," is Yes.

Answers criticize doting parents who are overambitious for their offspring, companies that insist on college degrees for jobs that don't really require them, lazy kids who want to put off going to work, a tradition of giving a college education to everyone regardless of how mentally slow he might be, high schools that teach the wrong subjects, and liberal arts colleges that raise false hopes in the breast of many a sub-par student.

A solution often offered is to strengthen junior and technical two-year colleges.

R. N. Carlen, president, J. T. Ryerson & Son, Inc., Chicago, Ill., wraps up the thinking of many respondents this way:

"The mother and father of today seem hysterically dedicated to getting a college education for sons and daughters. This is true of most of the men in all my plants. In other words, 'I didn't have it, so by God, they'll have the advantages I didn't.'

"A good friend of mine has two sons. Neither has a great brain: They both had difficulty in school, flunking two or three times each. Yet 'Dad' is insisting they continue college. The oldest is now at his third college. The youngest is at his first, and he is flunking. The boys would be much happier learning a trade, working with their hands."

W. B. Fassbinder, owner of Royal Products, Elkader, Iowa, writes: "I have said for years that to try to educate everybody will lead to real problems, human nature being what it is, as too many people cannot stand or properly use higher education. It goes to their heads and makes them arrogant."

L. A. Brooks, president, Brooks Manufacturing Co., Cincinnati, Ohio, and D. C. Osborne, vice president, Armco Steel Corp., Middletown, Ohio, both quote the phrase, "Too many chiefs, not enough Indians." Mr. Osborne adds that overeducation can cause suffering throughout life because the overeducated cannot fit in our society.

Frank Mascarich, patent licensing manager, Western Electric Co., New York, N. Y., says emphasis on college decreases manpower available for producing goods and services.

T. C. Samuels, manager, General Motors training center, Fairfax, Va., suggests that a student might try a trade before considering college.

Peter H. Askew, president, Thermal Products, Inc., Los Angeles, Calif., says many companies "have insisted on a degree for positions when high school education should qualify." He calls for more vocational training in high schools.

Mrs. Elsie Heimann, president, Heimann Manufacturing Co., Urbana, Ohio, argues: "There are several fields that do not need college training—just technical training, and most of that can be done on the job. What is college offering in this day and age? Riots, discontentment and revolution. . . ."

S. G. Lanfather, executive director, The Sunnen Foundation, St. Louis, Mo., believes that if students help pay their way through college they will be better off. He fancies the PAYE plan—pay as you earn after college.

F. M. Clarke, personnel manager, Powers Regulator Co., Skokie, Ill., criticizes high schools for "making" so many students pursue college prep courses.

Many respondents who think a college education is not being oversold agree in principle with points made on the other side. But they often add that despite this, a college education is necessary.

Writes Alden C. Clark, a certified graphoanalyst of Kansas City, Mo.: "The important detail in education is to enable you to appreciate and enjoy the finer things of life, of our present culture and of the cultures that have been handed down to us from the past. These things in many cases can only be learned from formal study."

Since all this is about students, let's listen to a student.

F. Bruce McMeekin, law enforcement major at North Country Community College, Saranac Lake, N. Y., writes: "After spending two years working after high school I know I need college, not for the piece of paper that the school hands out, but because I need to grow up, learn how to speak, write, and appreciate this society of ours. College offers a great deal more than just a degree. To me it is a must."

Edward Davy, of In & Out Painting, W. Frankfort, Ill., says the problem isn't so much with overselling of colleges as with those who go to them. "Young people," he says, "have disillusioned themselves and use college as a playground, a way to escape the boredom of home and to evade the reality of facing the world alone, including the military." But as for the chance to go to college, he says, "opportunity is for all."

Thomas Weigel, secretary-treasurer, Hoenig Funeral Home, Inc., Mandan, N. Dak., takes a middle road by acknowledging that college may be oversold if "you look at an economic return from a degree, when a plumber or electrician, or any union member, can easily show his hourly wages are higher than the college grad's."

But, he adds, "a college education should be considered more than from just the economic view. The graduate is more aware of what goes on in society. He perhaps reads more and is a better observer. Our society needs a serious look at itself."

What Labor Wants

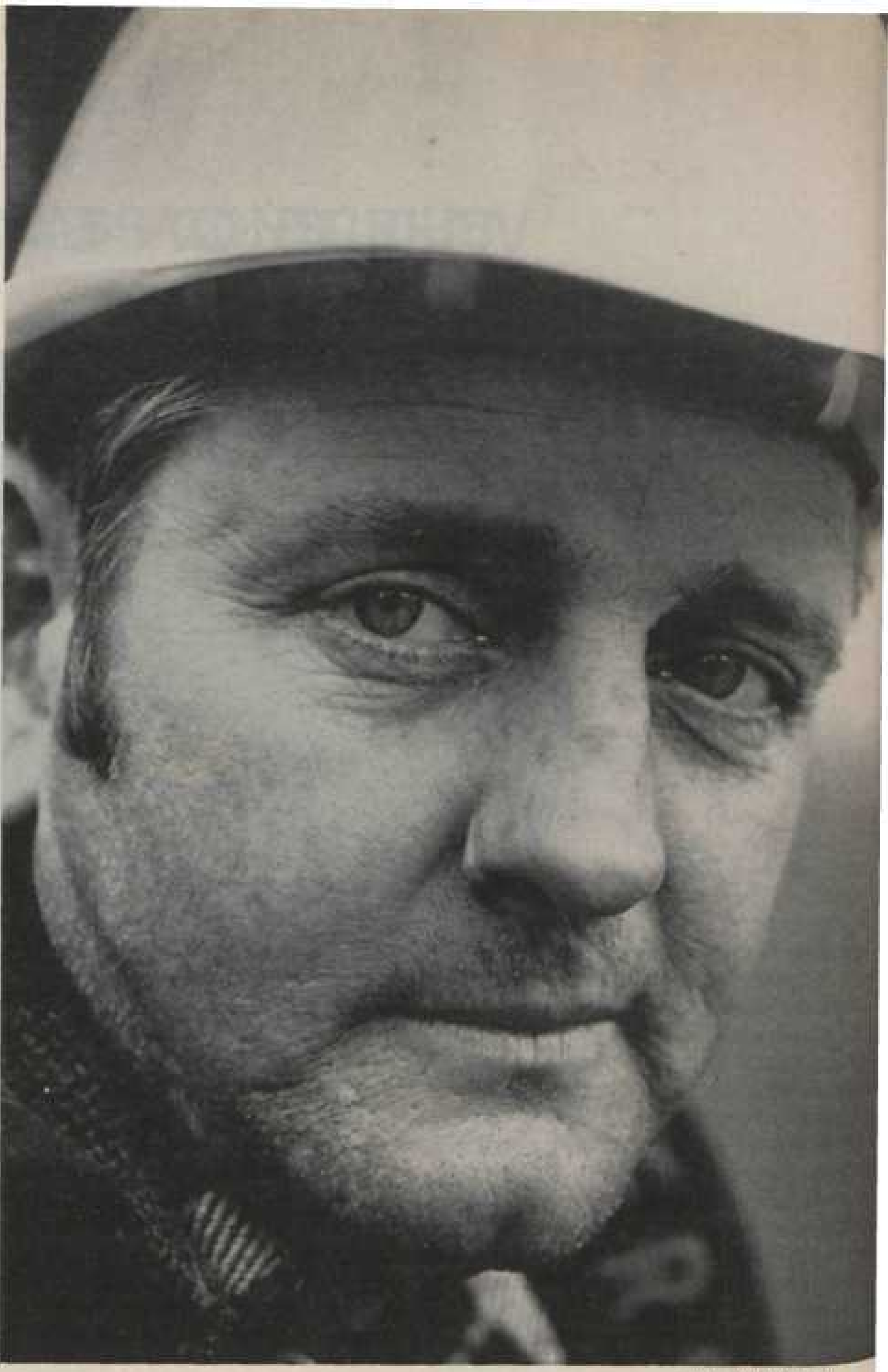


PHOTO: YOICHI OKAMOTO

Full employment is labor's battle cry in 1971. It is stressing this over everything else on a long shopping list.

Key union leaders are demanding immediate Administration action on a variety of fronts to send the economy zooming. In some instances, steps that labor wants have already been taken by President Nixon as he pushes his own "game plan" for the economy.

But labor and the Administration disagree sharply in one area—wage increases—and a collision of views seems assured as a result of union demands expected to be made at steel talks this summer.

Labor contends the wage earner has had to bear the brunt of the relentless inflationary spiral of the last few years, and now should "catch up" with the rise in prices.

AFL-CIO President George Meany and other labor leaders claim a gap between after-tax earnings and buying power is larger than it was a year ago, or even five years ago, for the "average nonsupervisory worker."

How well "catching up" can be achieved will be seen by the pattern of wage negotiations emerging for

some 4.8 million workers who are covered by collective bargaining contracts that expire, or can be reopened for wage talks, in 1971.

To get back on the road to full employment, George Meany says, the AFL-CIO wants:

- A faster growth of the money supply and substantially lower interest rates to spur business expansion and stimulate consumer spending.
- Congress to fully fund authorized programs such as those for urban transportation and housing, and the Administration to put them into action without delay.
- New legislation that would create jobs and provide essential services and facilities such as manpower and public service programs and public works projects.
- Channelling of credit "where it would most benefit the economy," and reduction of FHA-VA home mortgage rates to 6 per cent by the end of the year.
- Preferential interest rates for "desperately needed community facilities and health care projects."
- Establishment by states of "reasonable" interest rate ceilings for consumer credit.

On the matter of Congress appropriating all the money authorized for certain programs, Mr. Meany says: "State and local governments, especially cities, stand on the brink of fiscal disaster. They need immediate full funding of federal programs for housing, community facilities, education, health care, antipollution and urban transportation."

Wage-price curbs

While wage and price controls are not a goal, the AFL-CIO chief insists that if they are imposed, they "be across the board" to include not only prices and wages, but also rents, dividends, interest, capital gains, executive compensation and professional fees.

United Mine Workers President W. A. Boyle rejects "the whole theory of wage-price guidelines." Contracts with the Bituminous Coal Operators Association are expiring in September and he says: "No governmental pressure should be brought to bear to hinder economic justice for the American coal miner."

United Auto Workers President Leonard Woodcock states, "If needed, we would be for a total price and income policy." He would insist on a review board with subpoena powers over labor and management.

In his State of the Union Message, President Nixon said "a new prosperity" is contingent on "a much greater effort on the part of labor and management to make their wage and price decisions in the light of the national interest and their own self-interest."

But it appears certain that organized labor will keep pushing for big increases this year.

Many see the record-breaking wage hikes obtained by truckers, construction workers and auto workers as setting the pattern.

The auto workers won a 13 per cent increase the first year and 3 per cent a year, plus cost-of-living adjustments, for the next two years. Construction workers won what Labor Secretary James D. Hodgson calls "astronomical increases."

Also factors in wage negotiations are deferred increases which will come to 5.2 million workers this year. And there are 2.5 million workers who have cost-of-living escalator clauses in their contracts. These automatic increases are goal-setters for those about to negotiate.

Deferred increases in 1971 will average 7.8 per cent; last year the figure was 5.6 per cent. The Bureau of Labor Statistics estimates that when deferred benefits are included, the average package going to workers in 1971 will mean an 8.3 per cent increase.

BLS figures show that deferred increases for manufacturing workers will average 4.9 per cent; that they will be 10.8 per cent for nonmanufacturing workers and 13.3 per cent for construction workers.

Eyes on steel

Labor contract negotiators this year will be watching the steel industry, to see what kind of settlements are reached there. Other major contracts expiring involve railroads, glass and metal containers, aluminum, utilities, construction, men's clothing, aerospace and auto parts, in addition to bituminous coal.

United Steelworkers President I. W. Abel says his union members must have "a very substantial wage increase" and the USW will "hold out" for a cost-of-living escalator clause. The last wage increase his union won—in 1968—was 6 per cent and the pressure is on to catch up with the gains of the auto workers.

Mr. Boyle, noting the resurgent demand for coal, says: "Now as we approach negotiations for a new contract in 1971 the nation's mine workers demand a fair share of the coal industry's prosperity."

Labor's legislative goals are essentially unchanged from 1970. Aside from full employment action, the number one priority will be national health care. Carry-over items of high priority are increasing Social Security benefits and manpower programs.

Here are the goals listed by the AFL-CIO, which generally carries the legislative ball for most of organized labor:

- A "national health security" program that would cover everyone. It

would absorb Medicare and Medicaid.

- A 35 per cent increase in Social Security benefits in two years, a $100 monthly minimum benefit and a cost-of-living escalator clause.
- An Employment and Training Opportunities bill, similar to the one passed by the Ninety-first Congress and vetoed by the President.
- A federal minimum wage of $2 per hour—up from a present $1.60—with coverage extended to 17 million additional workers. Also wanted is double time pay for overtime and premium pay for overtime in excess of eight hours.
- A "strengthened" welfare plan with a guaranteed income provision.
- Additional housing legislation to provide for construction of 2.5 million low-and-middle-income housing units per year.
- Foreign trade legislation to restrict certain imports. Labor is for retention of the American selling price system of levying customs duties on some products. On the other hand it is against tax deferral systems such as the Domestic International Sales Corporations (DISC) plan to encourage U. S. exports.
- Changes in the electoral system to include direct popular vote for the Presidency, revision of the Corrupt Practices Act to prevent campaign spending abuses, and a uniform federal voter registration system.
- Pension fund standards, such as requiring fiduciary responsibility of trustees.
- The right to bargain collectively for all federal employees.
- And consumer protection legislation, legislation to consolidate the administration of civil rights, and changes in the Federal Reserve system.

What they don't want

On the six major points listed by the President in his State of the Union Message, Big Labor will oppose revenue sharing unless there are "strings attached," and will resist any federal reorganization that would submerge the present Labor Department into a subordinate role in the proposed Department of Human Resources.

Not wanted by labor, but a distinct possibility, is new legislation that would give the President greater power to deal with disputes in the transportation industry, specifically the railroads. As a counter to a more restrictive law, the AFL-CIO would most likely urge railroad nationalization.

While the construction industry urges changes in the Davis-Bacon Act, which sets wage-base standards for government projects, there are no Administration legislative proposals as yet. But they could come quickly, along with other Presidential efforts to block further inflationary wage increases.

Some 532,000 construction workers will be involved in contract negotiations this year.

Definitely on the Administration's agenda is legislation that would give representation rights to workers on commercial-type farms and establish fiduciary standards to protect all pension plan participants.

Also on the Administration's list is a collection of measures designed to improve opportunity for blue collar and lower-income white collar workers.

"All in all," Secretary Hodgson said at the start of the year, "we see 1971 as the busiest year in at least a decade in the labor field." END

MAJOR CONTRACTS EXPIRING IN 1971

INDUSTRY	NUMBER OF WORKERS COVERED
Telephone and Telegraph	538,000
Construction	532,000
Steel	400,000
Railroads	400,000
Aerospace	212,000
Electric and Gas Utilities	137,000
Men's Clothing	125,000
Glass Containers	92,000
Bituminous Coal	80,000
Stevedoring	73,000
Aluminum	44,500
Cans	38,000

Source: Bureau of Labor Statistics

PHOTO: GENE DANIELS—BLACK STAR

A Close Look at Leonard Woodcock

Like them or not, the views and goals of Walter Reuther's successor are important subjects for businessmen

For a man who wasn't ever given much of a chance of heading the nation's largest industrial union, Leonard Woodcock is doing pretty well.

He is president of the 1.5-million-member UAW—the United Automobile, Aerospace and Agricultural Implement Workers of America.

He has negotiated his first series of contracts with the Big Three auto makers and proved himself a tough bargainer.

He is emerging from the shadow of the man he succeeded, the mercurial Walter P. Reuther, killed in a plane crash last spring.

The goals of this rather low-key successor to the flamboyant Mr. Reuther have a tremendous import for business. What are those goals? What kind of man is he?

An interview with a NATION'S BUSINESS editor provides some answers.

First off, Mr. Woodcock replies to charges which have been made against the UAW.

"We don't whipsaw companies in negotiations," he says.

And he denies emphatically that the UAW's auto industry contract settlement of a 13 per cent wage hike in the first year is inflationary.

Those are two points on immediate past developments. On the immediate future, he says:

"Our number one legislative priority is a national health program bill. Then follows the problem of conversion of the aerospace industry to peacetime pursuits and then a federal

Businessmen who have dealt with both prefer not to publicly compare the late Walter Reuther (speaking) and Leonard Woodcock. But one says privately: "It's nice not to be lectured to all the time."

A Close Look at Leonard Woodcock *continued*

statute for insurance of private pension programs."

The UAW favored the national health insurance bill submitted by Sen. Edward Kennedy (D.-Mass.) in the Ninety-first Congress and strongly backs a similar bill which has been introduced in the Ninety-second.

It terms President Nixon's recent health care proposals "inadequate."

"Among the most important social deficiencies of our society today is the neglect of the health of our people," Mr. Woodcock says. "Prominent among concerns of the worker on the assembly line and at the machine is the continuation of his job and his ability to perform his work in good health."

Also high on the UAW's priority list is the problem of full employment. The union represents some 110,000 workers in the hard-hit aerospace industry. Mr. Woodcock strongly opposes the war in Southeast Asia and any return to high defense spending although the spending would provide jobs for some members now out of work.

"We are going to try to convince our aerospace members to make a real fight for conversion to civilian industry," he says. "We hope to make this a significant national issue in 1971. These people are uniquely qualified to make contributions in solving national problems, such as improving the environment and in urban transportation."

He will push a long-standing UAW proposal for conversion of defense industries to civilian production. Patterned on the Swedish government's Investment Reserve Plan, the UAW concept calls for contractors to set aside a portion of pretax profits from defense production to be held in government trust as a conversion reserve.

"Monies deposited in the trust fund would be released to carry out a conversion plan filed with the government by the contractor," Mr. Woodcock explained to the Senate Foreign Relations Committee last summer.

Funds from the same source would be used to pay benefits to a contractor's workers to minimize any hardships suffered during the transition to civilian production.

"The fact that a portion of the impounded profits might have to be released to tide workers over the transition period would be the spur to sound planning for conversion," says Mr. Woodcock. "Impounded profits remaining after completion of conversion, plus interest on the entire amount deposited in the trust fund, would be returned to the contractor and would be free of tax."

Faced with growing automation of his industry, Mr. Woodcock says the best means to spread employment and create jobs are additional holidays, longer vacations and early retirement, rather than adoption of a shorter workweek.

A shorter week "would encourage moonlighting," he says. "If you have a five-day, 30-to-32-hour workweek without some sort of policing, the younger, vigorous men will almost certainly take second jobs. This will defeat the very thing you're trying to achieve."

Early retirement, Mr. Woodcock is convinced, offers a promising solution to the job problem. It was one of the top items on the agenda during his union's recent negotiations with the auto makers. Starting this Oct. 1 a worker with 30 years of seniority will be able to voluntarily retire at age 58 with a pension of $500 a month. A year later that age drops to 56, but Mr. Woodcock is not satisfied. He wants his members to have the retirement option at any age with 30 years of service.

He also wants cost-of-living clauses included in pension agreements to counter inflation.

A hand in pensions

Today there are approximately 235,000 UAW retirees and Mr. Woodcock claims to represent them as conscientiously as he does the active members.

Coming up in future negotiations will be demands for some degree of participation with management in the investment of pension funds.

A portion of these funds, which are totally company-contributed, should be invested in "socially useful purposes," the UAW argues.

"These pension funds," Mr. Woodcock contends, "are essentially workers' money and should, therefore, be used for the benefit of workers before as well as after retirement."

He cites as examples of such uses construction of housing which workers could afford, loans for down payments and mortgages, other financial arrangements to help the workers, and community facilities to improve the quality of their lives.

The 60-year-old, $32,907-a-year president of the UAW is by back-

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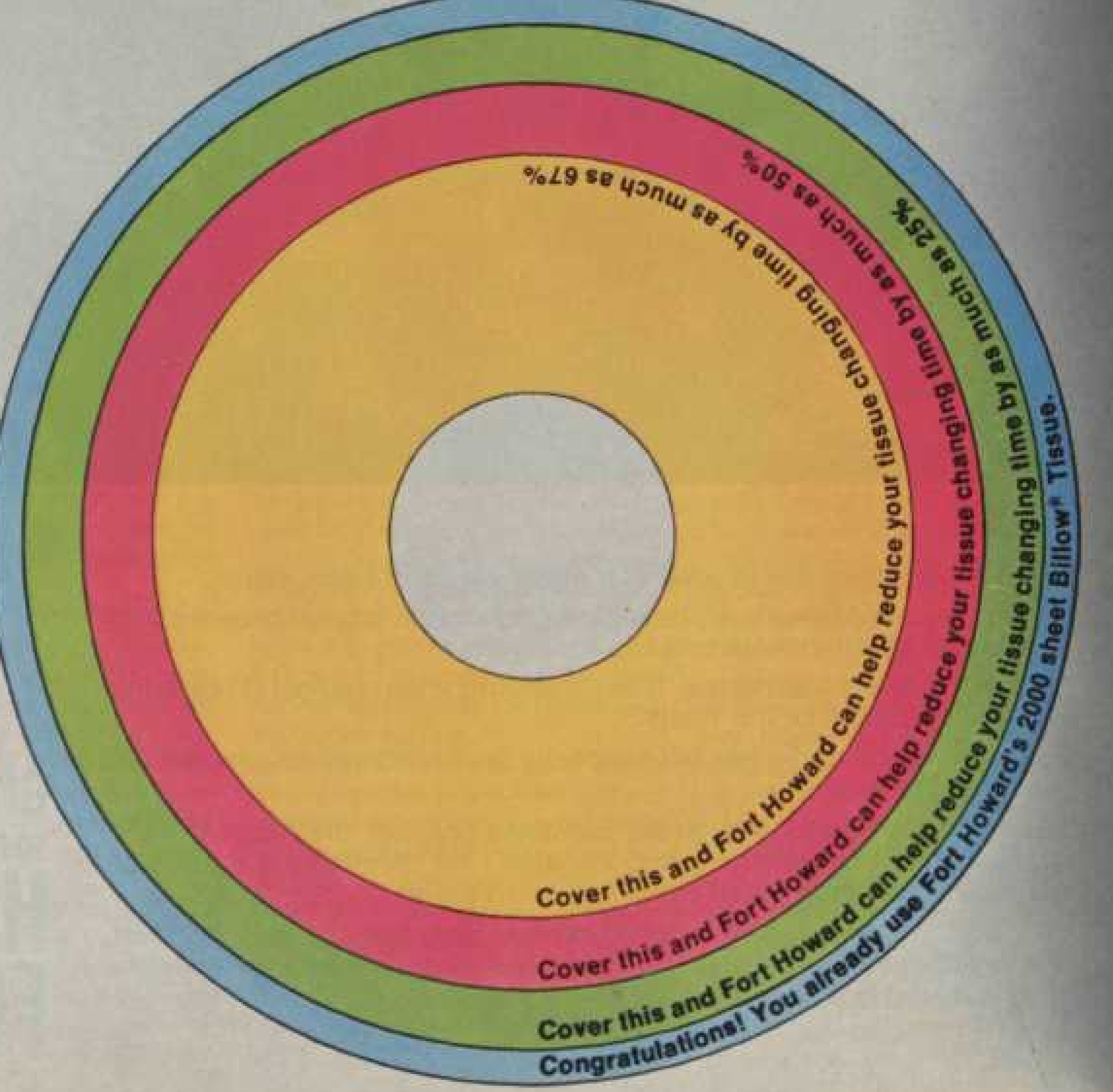

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ground and nature not one of a "new breed" of labor leaders.

There is a churning discontent in the ranks of union members, with many younger ones openly critical of old-line leaders. Mr. Woodcock is aware of this. But he is confident that he represents the aspirations of his members.

Some see Mr. Woodcock emerging as a bridge between younger union officials and those long in power, via his stand that change must come from within the system.

Last spring he was sharply critical of New York City construction workers who engaged in violence with a group of antiwar protesters.

"Any kind of violence is absolutely wrong," he says.

Change in style

When the UAW's executive council elected him president by acclamation last May 22, he was little known to the general public, although widely known among rank-and-filers. Indeed, the man most generally expected to succeed Mr. Reuther was Douglas Fraser, a vice president in charge of Chrysler workers.

But Mr. Fraser, after a nose count, tossed his support to Mr. Woodcock, saying at the time that he expected no change in goals for the UAW under the new president, but that he did anticipate a change in style.

There has indeed been a change in the style of leadership and it reflects the personality of the new president.

Born in Providence, R. I., Mr. Woodcock studied accounting at Detroit City College before going to work in 1933 for Borg-Warner Corp., assembling compressors. The son of an old-time union man, he became an organizer for a union started at the plant and later became treasurer.

After a bout with tuberculosis in 1936, he rejoined the labor movement in 1938, working his way up in the UAW. He was administrative assistant to Mr. Reuther, then was elected a UAW regional director. He became a vice president in 1955 and was put in charge of the Agricultural Implement Department. Later he took over the Aerospace and General Motors Departments and relinquished control of the Implement Department.

Along the way he learned the art of politics (during his convalescence from TB he read hundreds of books on history, labor, politics and socialism). Once high in Norman Thomas' Socialist Party (he's been an enrolled Democrat since the early '40s), he won the top spot of the UAW with the skill and well-laid plans of a consummate politician.

A Michigan delegate to the 1960 Democratic national convention that nominated John F. Kennedy for President, he is "very close to the Kennedys," an aide confides. He was offered a sub-Cabinet post and ambassadorships to Pakistan or Taiwan by President Kennedy, but declined at Mr. Reuther's request.

Mr. Woodcock was counted out of the running as a successor to Mr. Reuther, largely because of his age. He would have had only two years to serve, assuming Mr. Reuther had continued until the mandatory retirement age of 65. Mr. Reuther's unexpected death brought a changed picture.

With the new job came some interunion activity for Mr. Woodcock.

"Sluggish" alliance

The UAW pulled out of the AFL-CIO in 1968 and joined with the Teamsters Union in an "Alliance for Labor Action" which, Mr. Woodcock says, "never really has done much." This joint movement, he explains, has been going "sluggishly" but he and Teamsters Acting President Frank E. Fitzsimmons have met and "we're going to pick it up again."

He counters questions about a possible UAW return to the AFL-CIO by saying such a move would have to be approved by the membership.

The next UAW convention isn't until 1972. And his criticism of the construction workers doesn't appear to be the action of a man seeking to come back to the AFL-CIO fold.

Since becoming UAW president, Mr. Woodcock has taken steps to reassure some of his union's members that he will be as much an activist as his predecessor was.

Immediately after his election, he flew with a group of UAW officials to Atlanta to join with the Rev. Ralph Abernathy, Mrs. Martin Luther King and Sen. George McGovern (D.-S. Dak.) in a "march against repression" sponsored by the Southern Christian Leadership Conference.

Mr. Reuther had been scheduled to march, but Mr. Woodcock says his going was more than just fulfilling a commitment made by his predecessor.

"It conveyed in a quiet way to our black members," he says, "that things are not going to be different."

Blacks are estimated to make up as much as one third of the UAW membership, and racial conflict has been reported in some UAW locals.

Mr. Woodcock, who is a firm integrationist, says:

"When you have a union of 1.5 million people across the states that make up the United States you've got a cross section of America, including all of its prejudices, all of its feelings and all of the things that go with our society."

Works overtime

Mr. Woodcock stands nearly six feet tall, has black curly hair, and wears horn-rimmed glasses. His associates say he is an uncomplicated man, dedicated to work and the causes of the union.

The father of three children, he has been separated amicably for several years from his wife. He batches it in a $382-a-month apartment, does his own cooking, drives his own Buick, usually brings work home and habitually is in his office on Saturday.

For exercise, he jogs in place each morning while watching the news on television, swims in the summer and plays tennis—when he can—at a municipal court. He belongs to a legion of political action groups.

He is gregarious and when on trips to union locals to talk to rank-and-filers frequently drops into a neighborhood bar with some of them for a drink.

How do industry bargainers view their relations with Mr. Woodcock?

One indication comes from a statement last November by chief GM negotiator Earl Bramblett, after the long, hard UAW strike against GM. Said Mr. Bramblett:

"Both sides approached this bargaining from the opening day determined to conduct negotiations on a businesslike basis, with mutual respect on both sides. We were able to maintain that throughout." END

George Shultz:

General Manager of the United States?

The former Labor Secretary
hasn't been in the public eye often in recent months,
but his constant private sessions
with the President bear out reports that
he is Mr. Nixon's most influential economic adviser

PHOTOS: YOICHI OKAMOTO

George P. Shultz and his top deputy, Caspar W. Weinberger (right), seen striding out of the White House West Wing offices, are the key men who hammered out details of the $229.2 billion Nixon "expansionary" budget. Mr. Shultz is credited with being the architect of a changed Administration economic concept.

Maybe he really *is* the "general manager of the United States."

That's how a Presidential aide described the job of George Shultz when President Nixon called him to the White House last July to become director of the new Office of Management and Budget.

Mr. Shultz quietly shrugged off the label—and some others pinned on him by the press like "domestic czar" and "assistant President"—and went to work in a modest office just upstairs from Mr. Nixon's.

In the eight months since, he has seldom been seen. But the office of this gentle-spoken, tough-minded scholar has become a White House power center second only to the President's.

Mr. Shultz not only put together history's biggest budget, the $229.2 billion spending bundle now before Congress, but supplied its "full employment" concept packaging.

He also reviewed, at the President's behest, the annual Economic Report drafted by the Council of Economic Advisers. Some saw this as tacit confirmation of what many had suspected: He has become Mr. Nixon's most influential economic adviser.

Secretary who?

Two years ago, George Pratt Shultz, then Labor Secretary, was the Cabinet member whose name people didn't quite catch, the Republican nobody knew.

Now he is known.

Key sections of Nixon speeches on subjects ranging from Viet Nam to inflation have been drafted by Mr. Shultz. He has been sent on at least one hush-hush foreign mission, and beyond doubt is Mr. Nixon's most used and most useful homefront troubleshooter.

Mr. Shultz had responsibility for the final shaping of at least three of the "six great goals" the President unfolded in his State of the Union Message. These were the hugely expanded federal revenue sharing plan, the "sweeping reorganization" of the government and, of course, the full employment budget.

His success in persuading the President to adopt that concept was proclaimed—but not widely noted at the time—in a long paragraph written by Mr. Shultz and inserted by Mr. Nixon into his state of the economy statement issued last July 18.

In effect, the paragraph, which said that "at times the economic situation permits—even calls for—a budget deficit," cemented a Keynesian cornerstone into the new Republican economic policy.

One journalistic wag has suggested that the idea is simple: "It's just like telling your wife to go out and spend as much as she thinks you ought to be making."

Just so. The federal government spends as if everybody in the country were working and paying taxes into the Treasury. The analogy of the family budget ends there, however. The outlays are not supposed to go higher than the amount of tax revenues that would be coming in if there *were* full employment.

Above that point, the theory goes, the deficit spending would be inflationary; up to that point it is stimulative. The stimulative effect—it is hoped—will be great enough to generate the actual tax revenues that eventually will bring the real budget back into balance.

The idea has been familiar to economists for years. It was brought to wide professional acceptance in the 1950s by Herbert Stein, now a member of the Council of Economic Advisers. The privately supported Committee for Economic Development, of which Dr. Stein was chief economist, spread the gospel among business leaders in the 1950s. Many bought it, some didn't.

By the time Mr. Shultz sold it to Mr. Nixon, it was painfully clear that the real dollars-and-cents budget would be painfully out of balance. No matter how many bureaucratic heads were knocked in pursuit of economy, the red ink would be plentiful.

Cap the Knife cuts, but . . .

Mr. Shultz has left the head-knocking mostly to his deputy director for budget matters, Caspar (Cap) Weinberger. Mr. Weinberger is so good at it that he has earned some animosities and a nickname, Cap the Knife.

Nevertheless, the fiscal 1971 deficit of $18.6 billion reported by Mr. Nixon in January was the second biggest since World War II, and the estimated fiscal 1972 deficit of $11.6 billion is the fourth biggest—and could easily grow.

The reorganization that transformed the venerable Bureau of the Budget into the OMB—an agency which also has the assignment of seeing that all arms of the federal government operate effectively—created a second new superagency in the White House, the Domestic Council. Named as director was John D. Ehrlichman, top Presidential assistant for the first year and a half of the Nixon Administration.

Washington buzzed: Would there be an Ehrlichman-vs.-Shultz power struggle? Would the new man displace the old Mr. Big? George Shultz dismissed the hubbub. He and John could and would work together, he said.

And they have. The power struggle never developed. Mr. Ehrlichman has been eclipsed by the quiet ascendancy of Mr. Shultz as adviser and doer.

Chats with the chief

The Domestic Council is designed to formulate policy and priorities. Some day it may fly, but it is not yet off the ground. Instead, much of the policy making seems to be done in head-to-head chats between Mr. Nixon and Mr. Shultz. The President calls; the six-foot, well-muscled Mr. Shultz pounds down the carpeted stairs to the boss' office.

"In the White House there is so much to do," Mr. Shultz has explained, "and you're anxious to get it done well, and if you can find somebody else who can do it well and get him to do it, you're just that much ahead of the game."

The problem solving and coordinating starts promptly at 7:30 a.m. each day when Mr. Shultz presides over a meeting of the top-level White House staff men for domestic, budget, management and legislative affairs. Now and then a Cabinet member asks to sit in; he is welcomed.

Why at the poisonous hour of 7:30? "Because if you wait until a tolerable hour you'll never get them all together," explains Mr. Shultz.

In many ways, George Shultz and Mr. Nixon are think-alikes.

Mr. Shultz dislikes big government. He wants to restore power to individual people, private institutions

and state and local governments. He deplores government meddling in the affairs of companies or unions. He dislikes government interference with free markets.

Heavy-footed federal intervention in labor disputes, often by the White House, has emasculated collective bargaining, in his view. The "real experts," he holds, are the unionists and company people involved.

Against guideposts

He is against wage-price controls or guideposts, even voluntary ones, and is surprised to hear some businessmen seriously proposing their revival.

"They haven't worked very well," he told NATION'S BUSINESS.

"The Canadians have abandoned theirs. So has England. The history is that the pressure of guideposts is exerted only on the big, visible companies. Guideposts have hardly any effect at all on wages—yet wage costs are what the management people are mainly worried about."

Government's role, in Mr. Shultz's view, is to provide a mix of fiscal and monetary policy which encourages growth with stability. In that climate, he feels, bad decisions in the private sector bring their own penalties—a greedy management prices itself out of its market, a greedy union prices itself out of jobs.

Wage settlements in such a climate are not likely to be inflationary, he holds, if the wage bargaining is the hard-nosed kind that hammers out a settlement based on economic realities.

But Mr. Shultz thinks many companies have been flunking their public responsibility in the current phase of the inflation, when big wage settlements are pushing up prices.

Businessmen have heard some stand-up-and-fight speeches from him quite unlike any heard from any previous Secretary of Labor. They infuriated some union people, but Mr. Shultz was giving un ons the same kind of pep ta k.

Labor is entitled to a reasonable wage gain now, Mr. Shultz says. "Workers whose two-year or three-year contracts are expiring, leaving them with no gain at all in real income because of inflation, know that it is only fair that they should catch up. It is not realistic to expect people to be content with a no-change situation."

However, he feels, sometimes a strike is better than a peace too dearly bought. Fair wages, he told the Chamber of Commerce of the United States at its 1970 annual meeting, should be granted, but:

"Certainly we don't want a collusive relationship between a company and a union that procures labor peace at the expense of the public."

A few days earlier, he had told the United Auto Workers in convention that it is up to unions to strike if they feel they must to get a fair settlement.

Getting the message

Both sides get the further message: In their own interest, not just to slow down inflation, both workers and management should hold wage changes within the limits of reason and moderation.

Something about this kind of no-nonsense talk appeals to George Meany, the hard-handed 76-year-old plumber who heads the AFL-CIO. Friendship has flowered between Mr. Meany and Mr. Shultz in Washington, and the labor leader has said Mr. Shultz has earned "the confidence" of the working man.

Not that Mr. Shultz has blue collar antecedents to identify him with labor. Born into affluence in New York 50 years ago, he graduated *cum laude* from Princeton, where he was a rugged blocking back on the Tiger football team. (He plays a hard-driving game of tennis, now, and used to break 80 on the golf course when he had time to play.)

He enlisted in the Marines as a private, married a military nurse, and came out of World War II a major. There are five children.

Mr. Shultz took his doctorate in economics at Massachusetts Institute of Technology after the war. He joined the MIT faculty, left it for a year to serve as senior staff economist for President Eisenhower's Council of Economic Advisers.

He became dean of the Graduate School of Business at the University of Chicago in 1962. He punctuated his career by writing seven books, and along the way earned a reputation as economist, mediator, arbitrator and expert on the labor impact of automation. He also held directorships at Borg-Warner Corp., General American Transportation Corp. and Stein, Roe & Farnham Stock and Balanced Funds.

Friendship or no friendship with Mr. Shultz, George Meany issues statement after statement condemning the Nixon Administration's economic policy.

The AFL-CIO accuses the Administration of deliberately using unemployment as a weapon against inflation, and—as in the case of the newly announced depreciation allowances—of handing tax plums to big business. Mr. Shultz worries with the rest of the Administration over signs of an apparently growing alienation.

"The President . . . has to call his shots as he sees them; sometimes this is going to anger or disappoint labor, sometimes management," Mr. Shultz says.

"He has supported very strongly some policies backed by the AFL-CIO—for instance, the job safety legislation, the welfare reforms, and reforms in unemployment compensation which are the most sweeping since the act was passed.

"On the other hand, he has felt that business has got the short end of it here in a number of respects, and he has looked for ways to stimulate investment and expansion. When he does, labor screams.

"I think the economy will be stronger; when it begins to tone up, it will change the attitude of the union people as well as management people on many things."

Staying power

The OMB's associate director for management, Arnold R. Weber, says Mr. Shultz's great mental and physical endurance has played a part in his rise. Mr. Weber, a long-time colleague of Mr. Shultz at the University of Chicago, soon will hold the title of deputy director, parallel with that of Cap Weinberger, to complete the structuring of OMB into twin budget and management functions.

"George Shultz has tremendous personal discipline and a great sense of integrity and fairness," says Mr. Weber. "In my dealings with him

over 15 or 16 years I've been mad at him a lot of times. Most of the times, he was right."

Messrs. Weber and Shultz, who once wrote a book together in 10 days, are a match for each other in physical stamina. Mr. Weber is charged with nervous energy; Mr. Shultz is deliberate, patient, composed.

Mr. Shultz can sit for hours in a mind-grinding conference, rarely speaking, his robust frame at ease, following the arguments intently and then—nine times out of 10—identifying the elements of agreement which may resolve the problem at hand. He scorns half-answers, solutions that just cover up the problems.

At one morning meeting a hot debate raged until the discussion moved to broader issues and some of the disagreement seemed to fall away. At this point one official suggested tactfully:

"Now that we have something of a consensus, why not let it stand and go on to something else?"

Mr. Shultz looked at him and said: "This consensus can't stand. It's like two drunks holding each other up."

He prefers oral briefings to memos, and short memos to long ones. Yet if occasion demands he'll listen to a staffer for 30, 60 or 90 minutes with his blue, bespectacled eyes fastened on the speaker. The unnerved staffer begins to wonder whether Mr. Shultz is tuned in. When the director finally speaks, it is clear: He hasn't missed a word.

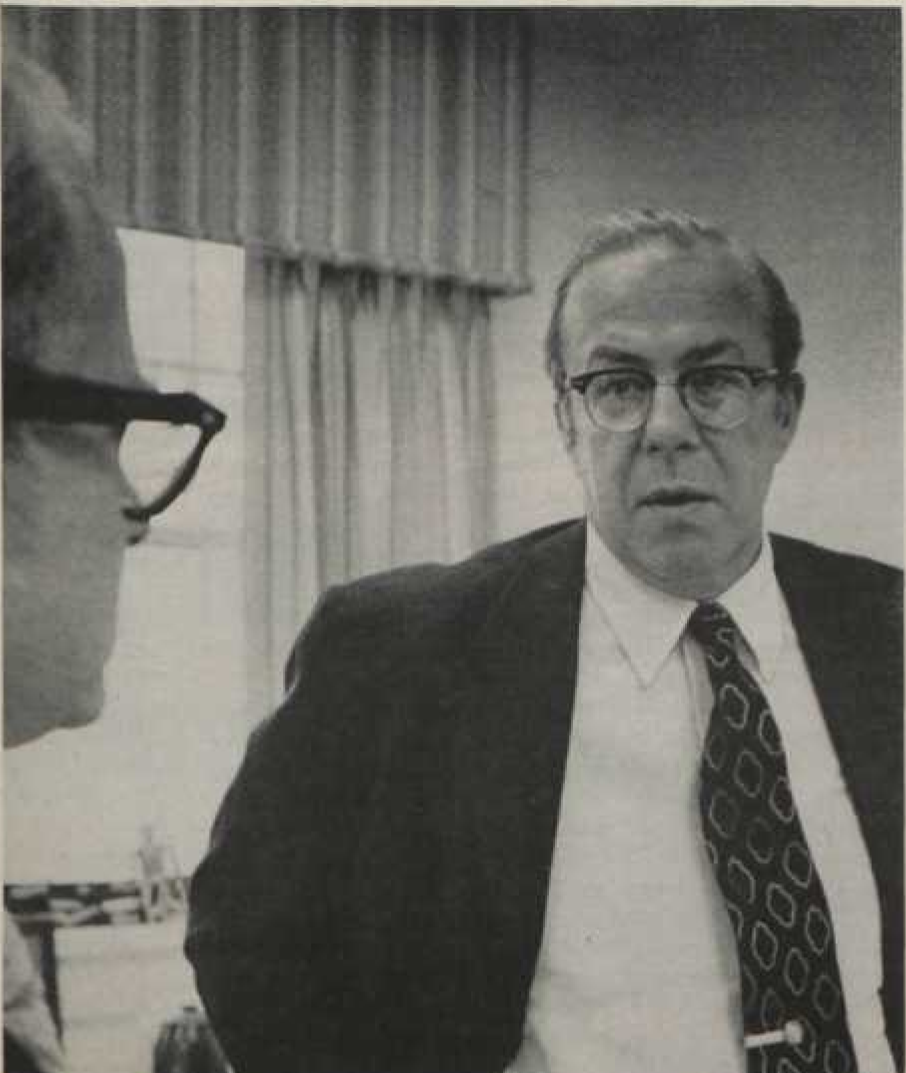
There are signs that the pressure is getting to him. "The newspapers say he's working with a shorter fuse, and it's true," says one associate.

Often told is the story of an episode in his last month at the Labor Department.

A meeting with a dozen prominent contractors wasn't getting anywhere, Mr. Shultz felt, so he finally slapped the conference table in exasperation, announced he was too busy for a fruitless discussion and walked off to his private office.

The contractors, talking among themselves, were slow about leaving. Mr. Shultz reappeared, told them they were bothering him and directed them to leave at once.

"We'd be a lot more worried about the actual deficit if it were caused by a lot of loose spending," says OMB's Mr. Shultz. "But it isn't."



In on the big ones

Mr. Shultz has played a major role in many a major Nixon decision. The President overruled the majority of his Cabinet, and put forward his welfare system overhaul proposal, only after Mr. Shultz had suggested adding a strong work requirement to the family income guarantee.

It was Mr. Shultz who shored up Mr. Nixon's resolution to resist import quota legislation in the Ninety-first Congress. He drafted the Nixon proposals for new labor law legislation to deal with national emergency strikes in transportation—a bill that President Johnson had promised to send up but, in deference to labor's protests, never sent.

Responsibility for shaping up the proposed $16 billion revenue sharing program, by which Mr. Nixon has promised to turn power "back to the people," went also to the workhorse director of the OMB.

So did the White House responsibility for the bold reorganization plan for merging seven of the existing Cabinet Departments into four new ones.

Some assignments have ranged far afield from the appropriate concerns of an OMB director or Secretary of Labor. Mr. Nixon named his Secretary of Labor to head a Cabinet task

force on oil imports. He chose him to be the working head of a policy committee on school desegregation. He sent him on a mission to Japan.

The Japan trip is still a mystery. There were reports, not confirmed, that Mr. Nixon was using Mr. Shultz's talents as a negotiator to enlist Japan's help in the economic rehabilitation of South Viet Nam after the war. And that the mission has been unsuccessful, so far.

When he took over the Labor Department in 1969, Mr. Shultz said he regarded "race and employment" as his top priority concern. His campaign for minority hiring became the trademark of his Secretaryship, and he brought the crusade with him to OMB.

Every bureaucratic bigwig who comes to present his case for a bigger budget gets the stern Shultz reminder: What is your progress in hiring Negroes?

Mr. Shultz found the Budget Bureau too lily-white for his taste; in its reincarnation as OMB it is more liberally sprinkled with black faces.

Another desk-thumping occurred over that issue. Conferring with top staff men on bringing more blacks into high-echelon jobs, Mr. Shultz became irritated at explanations of why it was hard to find qualified Negroes.

He whacked the desk and barked: "I don't want to hear why it is impossible. I want it done."

Absenteeism?

The launching of the OMB has had its share of snags and friction. Some Budget Bureau veterans complain of absentee leadership because of Mr. Shultz's preoccupation with high policy in the White House. Mr. Shultz, sensitive to the problem, has arranged for a room for his own use near Cap Weinberger's office across the street from the Executive Mansion. He'll be more accessible there.

"I like to have a lot of people wandering in and out," he says. "At the Labor Department my office was Grand Central Station. I like it that way. I'd like to spend more time with the budget people."

Attached to the OMB is a small economics group—a unit not required by any official directive, but evidence of the extent of Mr. Shultz's involvement in economic decision making. There's also a function, not shown on any chart, which Mr. Shultz calls "coping." He says:

Arnold R. Weber, OMB's associate director for management, has been a close associate of George Shultz since their years on the faculty at the University of Chicago. They once wrote a book together in just 10 days.

"We spend a lot of time every day just coping with the stuff that comes along.

"I think it may be that you make your greatest headway toward policy objectives by your success in coping—and doing so while having in mind what your policy directions are, instead of just beating out the brush fires as they break out."

OMB's recruiting of key staff people is moving forward, but there are still many empty boxes in the staff organization chart. Mr. Shultz is not racing his engine to get them filled.

"The success of OMB will depend on the quality of people we bring in," he explains. "I'd rather leave a box unfilled than take less than a first-class talent."

He admits he hasn't had as much time to spend on the budget itself as he'd like, but is relying on his key men and the Budget Bureau tradition as an elite corps of government. A puff on his pipe and then the observation:

"It's best to get strong horses and let them run."

Some conservatives note what they call a shift toward liberalism at the White House. Columnist James J. Kilpatrick has described the President's "astonishing embrace of almost Galbraithian economics" as alarming.

The Nixon policies most frequently attacked in other conservative writing are chiefly those which Mr. Shultz and fellow White House aide Robert Finch have had a large hand in furthering—including welfare overhaul, the proposed national health insurance program, and use of the budget deficit as an economic stimulant.

But George Shultz seems secure in the President's confidence.

One official who phoned the White House to find out whether he could assume that Mr. Nixon would issue a major state paper gives this report of his conversation with a Presidential aide:

The official: "Can I safely go ahead on the assumption the President will sign it?"

The White House: "Well, has Shultz approved it?"

The official: "Yes."

The White House: "Then don't worry about the President; he'll sign it." END

Two different views of the Olds Cutlass as a fleet car:

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New image for a "low-price" price—For what you'd pay for so-called "low-price" cars you can step your fleet up to the Olds class.

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Low maintenance—Every V-8 has positive valve rotators; every Olds has an aluminized exhaust system, rustproof front-fender inner panels, anti-corrosion battery and more.

High resale value—Check the record, a Cutlass traditionally brings back more of your investment than low-price nameplates.

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THIS MONTH'S GUEST ECONOMIST

Carl H. Madden
Chief Economist
Chamber of Commerce of the United States

MIXING POLITICS AND ECONOMICS

"To lie effectively, you have to be a pretty distinguished economist." Though exaggerated and unfair, this remark of a Washington wag zeroes in on a disturbing feature of last fall's Congressional elections that threatens bipartisan economic policies in the years ahead, when tough decisions need making.

Gilbert and Sullivan might have been describing the problem years ago in a verse that went:

"That every boy and gal alive
Is either a little Liber-al
Or else a little Conserva-tive
Fa la la."

Today, of course, most top economists are either a little Democratic or else a little Republican.

Prof. Paul A. Samuelson of MIT, winner of the Nobel Memorial Prize in economics, spoke as an ardent Democrat, not a distinguished economist, when he suggested last fall that President Nixon "rejoin the human race and join the campaign to get the economy moving again."

Under Secretary of the Treasury Charls Walker, a Republican, promptly complained that such a remark was more than a little Democratic. He saw in it "a calculated disregard for both perspective and good manners."

How many people, on reading pronouncements of top economists, remember their party affiliations? John Kenneth Galbraith, the distinguished Harvard professor, is past president of Americans for Democratic Action, the amalgam of liberal Democrats. Dr. Milton Friedman, distinguished professor of economics at the University of Chicago, is a conservative Republican, adviser in 1964 to Sen. Barry Goldwater.

No one wants top economists to be political geldings, denied the right to political opinion. But how much responsibility do they carry to carefully separate political opinion from objective analysis?

Experts in many fields are paying a high price in credibility these days for mixing personal value judgments with expertise. Nobody wants a surgeon who approaches a ruptured appendix in the spirit of "Let's get that s.o.b.!"

The tough policy question before the nation is how to gain full employment without inflation after a five-year period, from 1965 to early 1970, of accelerating price rises in a fully employed economy.

To resolve this issue will take all the truth economists can muster. No modern industrial nation has been able for any sustained period to combine full employment with the absence of inflation. Broad bipartisan agreement on economic policy concerning the "trade-off" between price stability and employment would itself contribute greatly to that underlying confidence in economic decisions and institutions so necessary to industrial advance.

One school of thought has it that if government guarantees full employment and sets reasonable guideposts for prices and wages, business and labor could cooperatively make the trade-off doctrine obsolete.

This school, however, is small, because its remedy for the trade-off involves such Draconian measures. *If* both business and labor would abandon authority over their own price setting to government, *if* government would not swell the public employment rolls, *if* government decisions on wages and prices were both effective and just, *then* the trade-off could be put in limbo.

The three successive chairmen of the Council of Economic Advisers under President Johnson—Walter W. Heller, Gardner Ackley and Arthur Okun—would pursue an expansionist approach to the trade-off.

Our economic potential grows, they argue, at 4¼ per cent each year. This is the real growth rate that could be achieved at full employment (4 per cent unemployment). Already, recent credit restraint has created a 5 per cent gap between actual 1970 output and 1970 potential.

Therefore, to get to full employment by mid-1972 requires a faster pace of expansion than most people realize.

It requires growing 5 per cent to close the 1970 gap, plus 4¼ per cent in 1971, plus 4¼ per cent in 1972, or a total of around 13 per cent in real terms in two years.

Messrs. Heller, Ackley and Okun are joined by expansionist academics such as Profs. Galbraith and Samuelson and by economists at the Brookings Institution, which is headed by Mr. Johnson's former budget director, Kermit Gordon, and has been called a Democrat's "government-in-exile."

To cope with cost-push inflation, the expansionists favor an "incomes policy"—government measures to influence price- and wage-setting, ranging from guideposts to oil price studies. But it has too seldom been applied to powerful unions in any country.

A third school of economists, the monetarists, would go somewhat slower than the expansionists. Led by Dr. Friedman, these economists are convinced that Dr. Heller et al. give far too little weight to the role money plays.

The monetarists believe the Federal Reserve should set as its target a steady growth in the money supply at 4 or 5 per cent a year, corresponding to the economy's long-run growth potential. They believe that the economy is basically stable but that off-again, on-again, stop-go monetary policy destabilizes it.

The Federal Reserve Board itself favors using an incomes policy to supplement monetary policy. The Board, which feels overburdened with responsibility for fighting inflation, has pushed for an incomes pol-

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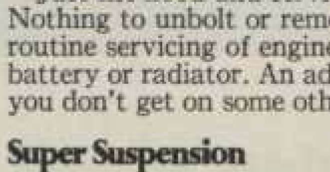

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Guest Economist

continued

icy as a trade-off with the Administration for carrying so large a load.

But how fast should the money supply grow now? This question, currently dividing the monetarists, is mixed up with the issue of inflationary expectations.

Some argue for speed now and slowdown later.

Henry Wallich of Yale University, top consultant to the Treasury, says we should move vigorously to expand the economy, by a money-supply target of 6 or 7 per cent or more. Then, as the economy responds in late 1971 or early 1972, the brakes can be applied gently to avoid overshooting full employment and landing back in faster inflation.

To some extent, it appears that Chairman Arthur F. Burns and fellow members of the Federal Reserve Board lean toward a slow-start, fast-pickup policy mix.

A nagging question is a troubling hangover from the Congressional elections. How much politics is mixed up in these various positions?

Politically, the expansionist Democrat could try to have it both ways in 1972. Suppose he calls on Mr. Nixon to reach full employment by mid-1972.

Suppose Mr. Nixon buys it and—in his effort to achieve full employment—restores demand-pull inflation. What a rotten shame! Then Democrats can ask why the country had to go through the recent wringer.

But suppose the steps Mr. Nixon takes toward the target Democratic economists set are not spectacular enough for them. Then Mr. Nixon can be accused, in a game of economic "chicken," of not "getting the country moving again."

If the Republican economist urges caution as counterpoint to the Democratic expansionists, then even if the economy doesn't reach full employment by mid-1972 he can take credit for avoiding a resurgence of inflation. All this leaves the businessman a little unclear as to what will actually happen. Who is going to be doing the best forecasting?

Perhaps the most accurate forecasts will come from economists for business. At least, the business economist gets paid for calling the economy "like it is," not for casting his analysis in a political framework.

The 10 Greatest Men of American Business —as You Picked Them

Who are the 10 greatest men of American business?

Last September, NATION'S BUSINESS asked its readers to name their choices.

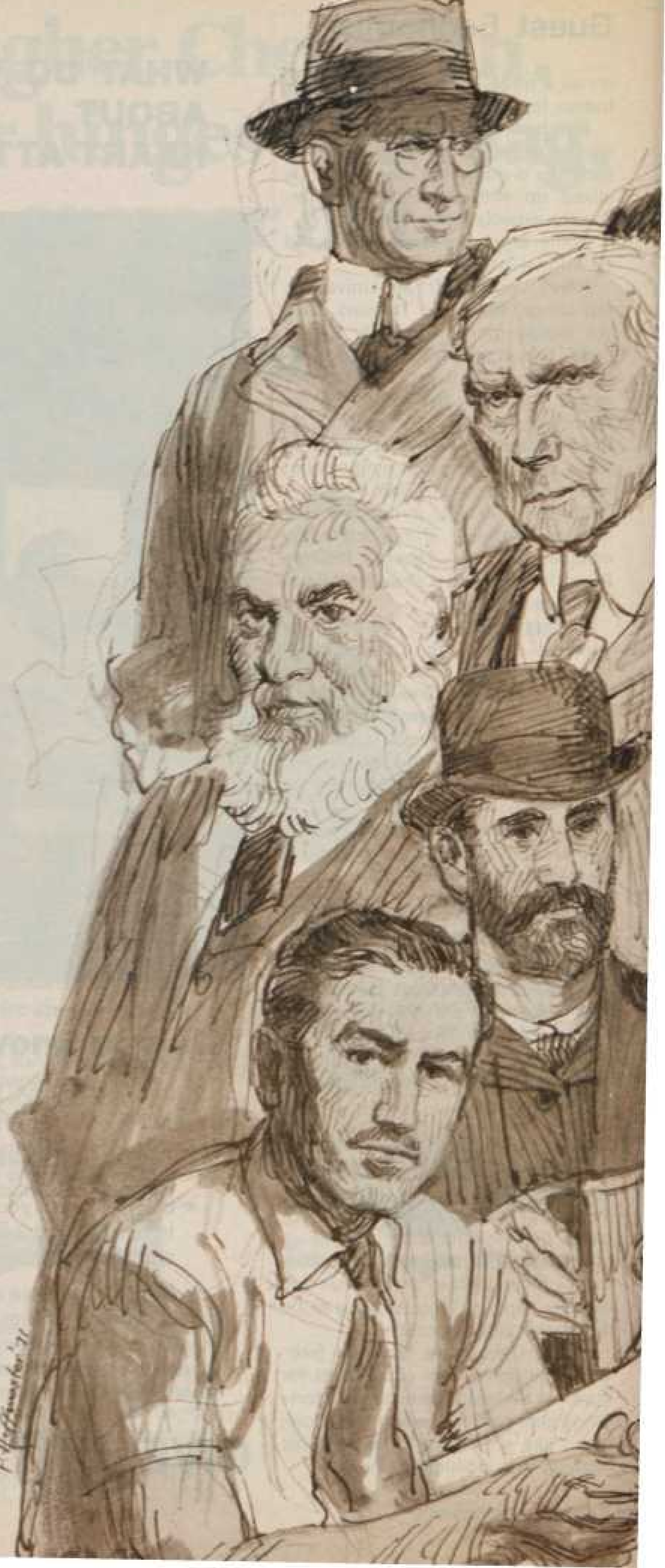
There was a deluge of nominees.

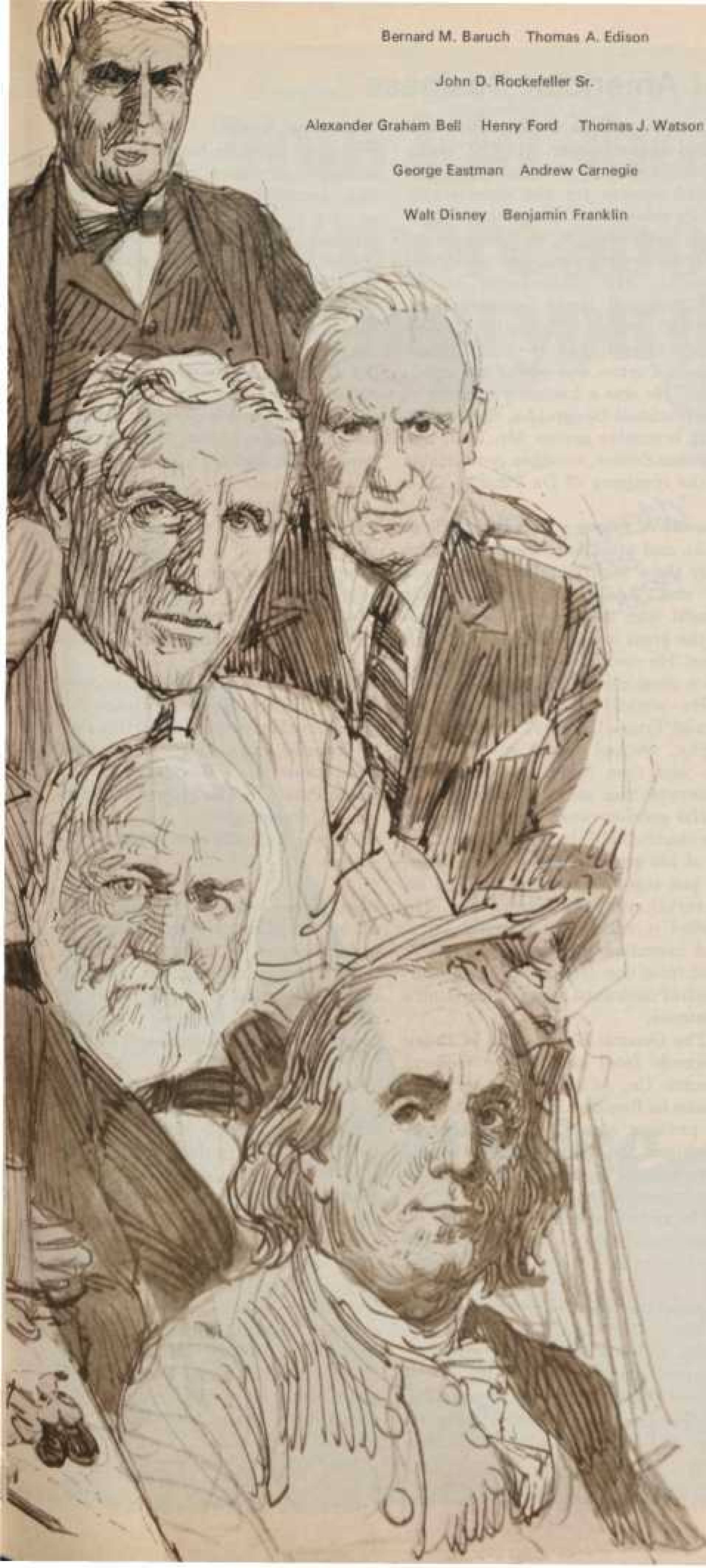
In December, the 25 who had received the most votes were announced. Then the final balloting began.

Here, in the order of number of votes they received, are those chosen as the top 10 of U. S. business history.

- Henry Ford, 1863–1947, automobile maker, peace advocate and war production expert, benefactor of employees, philanthropist.
- Alexander Graham Bell, 1847–1922, scientist, inventor, launcher of businesses, donor to research.
- Thomas Alva Edison, 1847–1931, inventor, industrialist, business administrator, adapter, innovator.
- Andrew Carnegie, 1835–1919, steel manufacturer, transportation specialist, investor, lover of libraries, prototype philanthropist.
- Walter Elias Disney, 1901–1966, entertainer, artist, motion picture executive.
- John Davison Rockefeller Sr., 1839–1937, industrialist, oil magnate, philanthropist.
- Benjamin Franklin, 1706–1790, printer, publisher, scientist, philosopher, statesman.
- Bernard Mannes Baruch, 1870–1965, stock market speculator, Presidential adviser, philanthropist.
- Thomas John Watson Sr., 1874–1956, supersalesman, internationalist and free trader, organizer, administrator, art patron.
- George Eastman, 1854–1932, inventor, industrialist, philanthropist.

Each of these men was an individual, with his own particular





Bernard M. Baruch Thomas A. Edison

John D. Rockefeller Sr.

Alexander Graham Bell Henry Ford Thomas J. Watson Sr.

George Eastman Andrew Carnegie

Walt Disney Benjamin Franklin

strengths, weaknesses, talents and accomplishments.

Among points in common that they did have, the most obvious were a propensity for innovating and taking chances, a love for what they were doing and a willingness to put in whatever effort was necessary to achieve success. None were eight-hour-a-day men.

Some were not particularly popular with many of their contemporaries.

Five were bookkeepers early in their lives: Eastman, Carnegie, Watson, Baruch and Rockefeller.

Most gave away huge sums during their lifetimes and through wills.

Two were Scottish born: Bell and Carnegie.

Three were natives of New York State: Rockefeller, Eastman, Watson.

Three today are thought of more often as inventors or scientists than as businessmen: Eastman, Edison, Franklin. Bell actually *was* more the scientist than businessman.

A few collaborated occasionally, or improved on each other's work: Ford, Edison and Bell.

Other noted figures in the world of U. S. business came close to winning places on the list. They include the brothers Orville and Wilbur Wright, establishers of companies as well as of man's ability to fly under power; J. P. Morgan Sr., financier; Cornelius Vanderbilt, railroader; Alfred P. Sloane, automobile executive and executive style setter; David Sarnoff, grand old man of communications and electronics who is still living; Andrew Mellon, financier; A. P. Giannini, banker.

The list of finalists certainly will not please everyone. There have been so many great men of business.

To help evaluate each of those on the list, here are brief biographical sketches.

None tells more than a fraction of the man's story.

Henry Ford, who was born in Greenfield, Mich., wasted no time getting started in the business world. At 16 he was a machinist's apprentice but soon switched over to the Edison Illuminating Co., a firm belonging to Thomas A. Edison.

In 1903 the Ford Motor Co. was established and, of course, it has become one of the world's largest and most successful firms.

Mr. Ford had genius of many kinds, not the least of which was how to put

a complicated piece of machinery together in a hurry. His assembly line method, now copied by tens of thousands of companies in industry after industry, was possibly his greatest achievement.

Another Ford trademark was a good product at an inexpensive price. The Model T is an example.

Mr. Ford felt little fondness for England before the United States got into World War I. He was a peace advocate. He even financed a peace ship to Europe—an idealistic move. But, once the United States declared war in 1917 he became a dynamo of patriotism as his plants turned out war materiel.

He was the first man to pay a $5-a-day minimum wage—a landmark in the road of labor. In 1914 he shared profits with his workers, another shocking thing to do at that time. His employees were among the most fortunate in industrial America.

Late in life he gave to museums and much of his money went eventually into the Ford Foundation which today distributes to an enormous variety of causes.

Henry Ford—to many people—is the complete example of an American industrialist.

Alexander Graham Bell was born in Edinburgh, Scotland, moved to Canada because of poor health when still young, and later became an American.

His principal lifelong work was with sound and how to transmit it. His invention and perfection of the telephone and a hundred other devices left his imprint throughout American business.

Mr. Bell came from an intellectual family; his father originated the "visible speech" system for instructing the deaf to communicate, and as a young man he was a teacher in his father's field.

After moving to Canada and then to Boston he became a world authority on vocal physiology. He met the deaf daughter of a wealthy Massachusetts attorney, and they fell in love. She inspired him in his work, and on March 7, 1876, he was awarded a patent for the telephone. They were married the next year.

Later, Mr. Bell became a resident of Washington, D. C. He invented an early air-conditioner. He first transmitted speech by wireless. He perfected records for the phonograph. When some of his inventions brought large cash awards, he gave much of the money to medical and other research. His laboratories turned out hydrofoil boats, seawater converting units and early devices which helped lead to the airplane (Glenn Curtiss was one of his assistants). He was a founding member of the National Geographic Society.

In inventive genius Mr. Bell, like Thomas Edison, would be comfortable in the company of Da Vinci.

Thomas A. Edison was born in Milan, Ohio, and attended formal school for only three months. His teacher said he was "addled," and his mother taught him thereafter. He was one of the great askers of questions of all time. He read constantly and he set up a chemical laboratory at home.

He worked as newsboy on the Grand Trunk Railway, learned telegraphy, worked for Western Union Co. and then began an almost unbelievable run as an inventor.

His greatest work was developing the electric light, but certainly another of his great moments came when he put together the first modern industrial research laboratory. He staffed it with the best mechanical and inventive minds he could find. And from this laboratory came hundreds of devices to improve mankind's existence.

The General Electric Co. of today descends from the Edison General Electric Co. At this and other companies he founded Mr. Edison helped to produce stock tickers, dictation machines, the fluoroscope, the movie camera, the storage battery, the phonograph. . . .

His contribution to, and place in, American business ranks with his position as inventor.

Andrew Carnegie was born in Dunfermline, Scotland, and never lost touch with his native land although he spent almost all of his life in the United States. When he was a boy, his family came to the Pittsburgh area and he found work at $1.20 a week.

No one worked harder. Over a period of years he mastered double-entry bookkeeping, learned telegraphy, memorized business addresses to save time looking them up, fired furnaces, operated cloth making machines, and became an ace clerk for the Pennsylvania Railroad.

He rose to the top in railroading, helped evacuate Union wounded after the First Battle of Bull Run during the Civil War and then turned to stock purchasing. He invested in company after company, learned to cut their costs. In the 1873 financial panic he expanded his holdings while others cut back.

He mastered the art of steel making in Britain and returned to Pittsburgh to set up a highly successful company, Carnegie Steel, which he later sold to J. P. Morgan to form the nucleus of United States Steel. His price: $250 million in U. S. Steel bonds.

From then on he gave money away in the United States, Britain and elsewhere. He financed 2,800 free public libraries, and endowed educational institutions and foundations. The Peace Palace in The Hague, Holland, was a Carnegie gift.

He was a genius at earning and at giving.

Walt Disney, born in Chicago, grew up on a Missouri farm—hardly a place to expect to find a future leader in entertainment business. Furthermore, this artist had practically no artistic training. He took only brief courses in art in Chicago and Kansas City.

He had even less business training. Yet, his main business endeavors have been incredibly successful.

While making millionaires of himself and business associates, the Missouri farm boy was entertaining children and grownups with wholesome, clean cartoons and live movies.

He drove a Red Cross ambulance in France in World War I and soon afterwards began producing slides called "Laugh-O-Grams." Then came Oswald the Rabbit, Mickey Mouse, Donald Duck, Goofy, Pluto and all the others. "Steamboat Willie," starring Mickey Mouse, was the first cartoon to use sound.

He turned to full-length cartoon

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and another...

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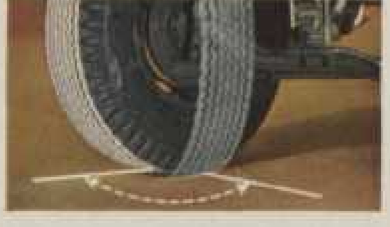

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movies, handled most of the financing himself, served as chief administrative officer for some of his companies. Success followed success and money and fame rolled in. In 1965 Walt Disney Productions earned over $100 million from books, films, comic strips, manufacturer's royalties, Disneyland, songs, TV shows and commercials.

Walt Disney was a modern day Hans Christian Andersen—with business ability.

John D. Rockefeller Sr., born in Richford, N. Y., was toweringly unpopular in many quarters through much of his life—thanks to his reputation as a ruthlessly competitive businessman.

When he died at 97 he was highly regarded as a kindly man who dispensed shiny dimes to little boys and girls and far more to their elders. He probably gave away more money than anyone else in history.

At one time his network of companies centering around the Standard Oil Co. controlled 95 per cent of oil refining in the United States. Standard Oil had grown out of a series of small companies headquartered in Cleveland which Mr. Rockefeller either owned outright or in which he was a major participator.

Various state tribunals and the United States Supreme Court carved Standard Oil into pieces after charging monopoly. Most of the companies, now entirely separate, remain today. They all bear the imprint of the genius, John D. Rockefeller.

Mr. Rockefeller also was involved in railroad and steel affairs, and in finance.

He founded a dynasty which has included not only businessmen, but also governors, legislators, scientists and philanthropists. Scores of Baptist and other churches, as well as schools, colleges, universities and hospitals, have received hundreds of millions of dollars from the Rockefellers. The University of Chicago got $35 million in 1890 when Mr. Rockefeller helped with its founding.

Mr. Rockefeller was America's first billionaire and during his life he gave away more than $600 million of his own money. He's remembered for that, of course, but businessmen also remember him for his mastery of the art of setting up specific companies for specific jobs, and linking them together to improve effectiveness and economy.

Benjamin Franklin was born in Boston but Philadelphia, London and Paris—especially Philadelphia—were his homes thereafter.

He is known today to school children principally as a statesman, scientist, philosophizing writer and editor. Actually he also was one of the leading businessmen of the colonies. He founded, owned and managed several companies—he was famous in his day as a printer, bookseller and publisher—and helped friends start others. He was a successful businessman long before he became a statesman.

By the time he was 42 he had earned enough money to turn his business affairs over to a colleague and become a public servant for the remainder of his life. This set a style which many wealthy, successful American businessmen have pursued.

Not only did Mr. Franklin do yeoman work for the colonies and later for the United States in public service at home and abroad, but he was a father of culture in the New World. He founded scientific societies, libraries, and what became the University of Pennsylvania.

Also, he helped found the first hospital in America. And he foresaw a future for electricity which was astonishingly accurate. He invented, developed and made a business of bifocal glasses, lightning rods, the Franklin stove and a flock of other items.

He was a champion of colonial businessmen, and the fear of seeing them disadvantaged by British oppression was one of the triggers for his patriotism.

Bernard Baruch was born in Camden, S. C., the son of a surgeon who served as a Confederate officer. When he was a small boy his mother took him to a phrenologist who felt the bumps on his head and predicted a great career for the lad in finance and business. The prediction came true.

He studied at City College of New York, took a $3-a-week job in Wall Street so he could learn what made the market operate the way it did, soon owned part of a Wall Street firm. He made $1 million before he was 30.

Later his fortune grew to many millions. He became famous for his photographic memory and powers of intuition.

As a member of the "Waldorf Crowd" of New York tycoons, he often went to the Waldorf-Astoria bar for talks which sometimes led to multimillion-dollar deals involving development of industrial complexes.

He became known as "adviser to Presidents" and headed or served on commissions or government boards under Wilson, Harding, Coolidge, Hoover, Roosevelt, Truman, Eisenhower and Kennedy. He became familiar to Americans in photographs showing his lanky frame on a bench in Lafayette Park, across from the White House. His clothes were usually untidy but his pince-nez was never out of line.

Mr. Baruch not only devoted time and energy to government work, he gave away millions to worthy causes.

His country profited from the life of this Wall Street speculator.

Thomas J. Watson Sr. was born in Campbell, N. Y., into a strict Methodist family and he never strayed from a high moral plane. He studied at the Elmira (N. Y.) School of Commerce and tried selling pianos, sewing machines and organs—generally without success.

In Buffalo he joined the National Cash Register Co. and again flunked as a salesman.

Bitterly disappointed, he studied salesmanship and asked advice of good salesmen. Back he went to selling, with tremendous success, and in 15 years he was NCR's sales manager.

In 1914 he took a job running the Computing-Tabulating-Recording Co., which in a few years became International Business Machines. Under his leadership, IBM enjoyed explosive growth.

Mr. Watson spread IBM plants around the world and he preached free trade as though it were divine belief.

He was the eternal optimist, a believer in the power of words (he made "THINK" a famed IBM slo-

The 10 Greatest

continued

gan). He did not take vacations, worked 16 hours a day and spent many an evening at IBM employees' functions.

An art collector and patron, as well as a philanthropist, his taste in art was as rigid as his day was rigorous—paintings had to be neat, telling a story on canvas.

Mr. Watson, like so many other eventually successful men, learned by losing.

George Eastman was born in Waterville, N. Y., but spent most of his life in Rochester, N. Y., headquarters of the thriving company he founded.

He was another great man of business with a bookkeeping background. He learned the trade when he was 14, worked for an insurance company and then the Rochester Savings Bank.

But his consuming avocation was photography; he even learned German and French so he could read the latest technical news on the subject from Europe.

Then he turned his avocation into his vocation. He developed a process for dry coating photographic plates and in 1879 went into the business of making the plates.

Mr. Eastman continued to experiment while running the Eastman Dry Plate & Film Co., turning out improved photographic paper and the early box camera.

One of his chemists invented a transparent film for use in motion picture making. A pocket camera came on the market in 1895 and a folding camera in 1897, noncurling film in 1903 and color film in 1928.

The firm became Eastman Kodak Co. in 1892 and soon its operations began to spread around the world.

Late in life, Mr. Eastman, who was unmarried, turned his hand to giving his money away. His beneficial treatment of his employees became legendary and it is estimated that he gave $75 million to educational institutions for purposes ranging from medical research and dentistry to music and advancement of Negro colleges.

To George Eastman, more than to any other man, the modern camera owes its popularity and usage. END

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Tom Edison's Sales Techniques

BY RODERIC PETERS

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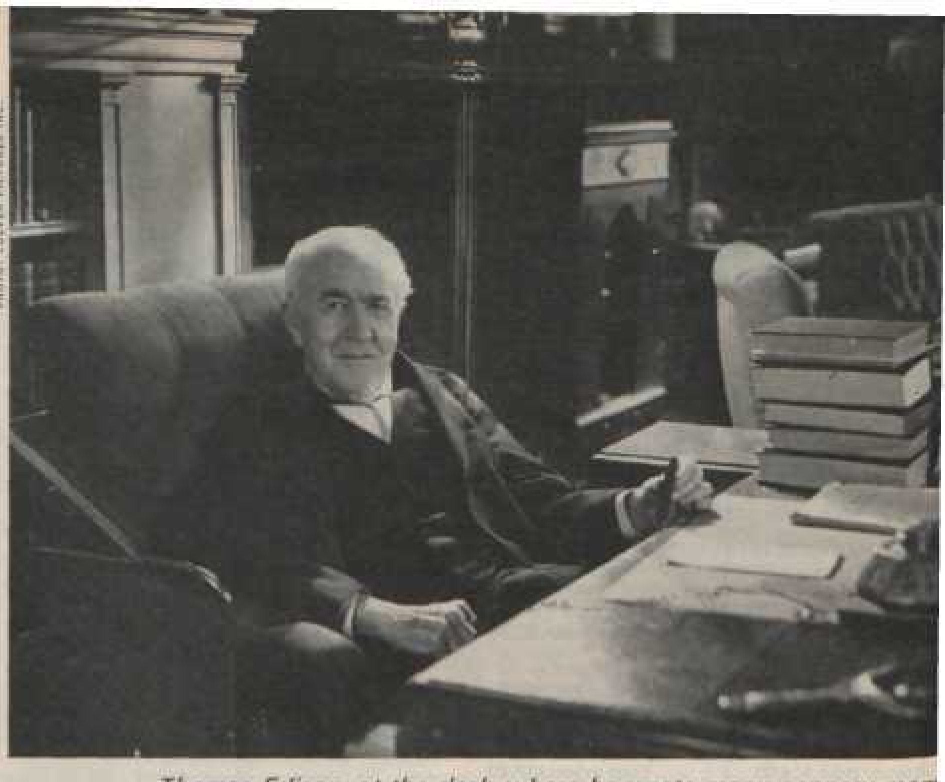


Thomas Edison, at the desk where he wrote many peppery mem

Thomas Alva Edison, who easily made our readers' list of the 10 greatest men of American business, is seldom thought of as a sales manager. But he took keen interest in sales, as reflected in this memorable account by a man he sent on the road to "develop the territory" for the phonograph.

Roderic Peters was a personal representative of Mr. Edison from 1922 to 1926 and has among his memorabilia scores of unpublished letters, wires and memos from the famed inventor.

Mr. Peters joined Servel, Inc., as manager of government relations in Washington, D. C., after leaving Mr. Edison, and remained with that firm until 1953. Currently, he is in private consultant work.

"In high class neighborhoods the door is usually answered 'not at home'—it is only in the middle class neighborhoods where cold turkey canvass works well."

"Tell all the services, while they should not praise Edison records etc., if owner makes any remarks after hearing new records . . . the gist of their remarks for or against our new records should be jotted down on report."

In the five years that I worked for the great Thomas Alva Edison I was peppered with memos such as these. They were sometimes brusque, sometimes friendly, but always businesslike. They were designed to sell the famous Edison phonograph.

History has immortalized Thomas Edison as one of the world's foremost inventors. But he was also a remarkable businessman and developed techniques in market analysis, promotion and sale research that are still in use.

I had been out of the Army about a year when one day in 1922 I saw an ad in *The New York Times* for a man with marketing experience. The job was with a phonograph manufacturer in Orange, N. J. I had gone in business for myself buying and selling war surplus material—and was doing well—but the job sounded challenging. I discovered later it was Mr. Edison who was looking for an assistant.

The interview in his massive library in Orange lasted over an hour. He made me do most of the talking. I had been in charge of machine gun inspection at the Colt plant in Connecticut during World War I, and Mr. Edison asked me many questions about how I handled men.

He was also interested in knowing more about the war surplus business I was in and I remember him saying, "That stuff will glut the market."

Mr. Edison was very cagy; wouldn't tell me what the job involved. But he was willing to pay me $350 a month—good money in those days—and I accepted. Radio was just beginning to have an impact and no one could predict what effect it would have on the phonograph business. But I was young and it didn't seem like a gamble. My wife and I closed out our affairs in Connecticut and moved to New Jersey.

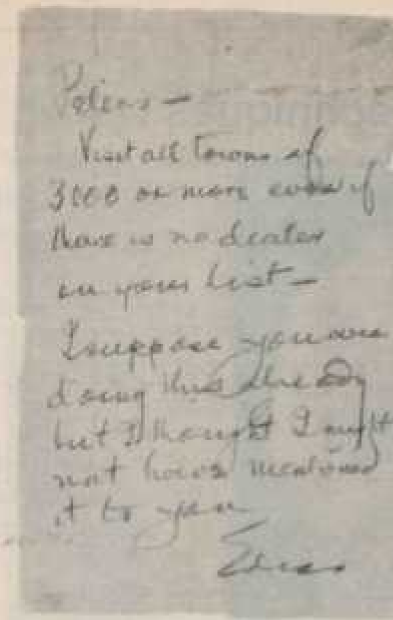
I can see Mr. Edison now in his big library. He would be standing by his roll-top desk, leaning on one arm, thinking. He assigned me to a desk about 10 feet from his own. The first day on the job he was still vague . . . and cagy. Finally, he said, "Peters"—he always called me Peters—"let me see if you can draw a map." No further instructions.

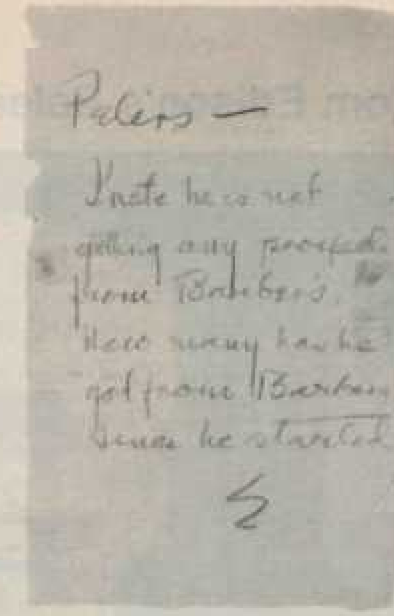
A firing that faded away

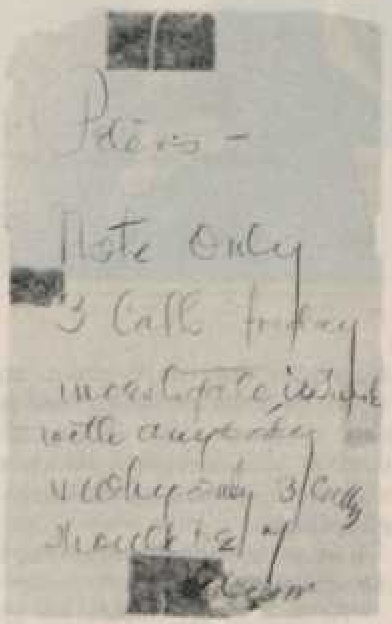
Well, I was no map maker but I drew one and gave it to Mr. Edison. He didn't like it. I tried again, several times. He was not pleased. This went on for several days. Finally, he simply ignored me. Then one day he called me over and said simply, "Peters, you won't do."

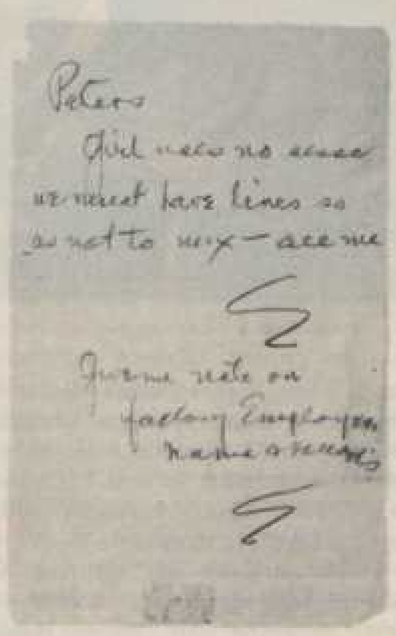
It was a crushing blow but I wasn't ready to quit. The next morning I returned to work as usual. I don't think he said a word to me for the next two or three days. Or even looked my way.

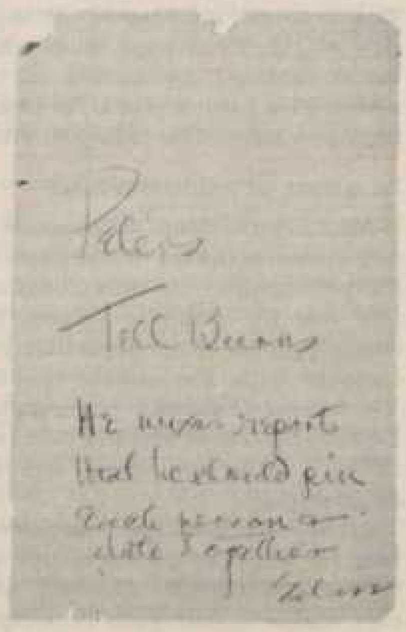
That's Mr. Peters with one, above.

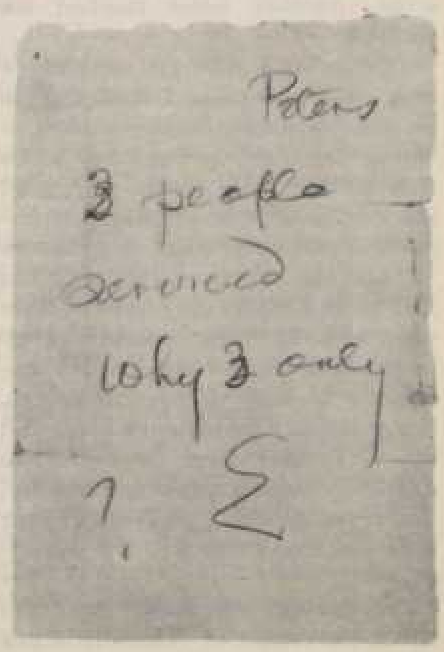












Then, he broke the ice: "I thought I let you go, Peters."

I didn't respond and he strolled back to his roll-top and busied himself with some papers. He never brought up the subject again.

It was not long after this that I discovered what he really had in mind for me. He wasn't looking for a salesman. Mr. Edison was trying to find out how to develop an effective territory for his salesmen on the road—how large an area one man could cover profitably.

And he wanted to know what his dealers were doing to sell Edison phonographs. We were now beginning to communicate.

Looking back, I am sure I became one of the first comparative shoppers in the country. If not the first, then certainly one with the broadest territory.

During the next year and a half I was constantly on the road, traveling those bad roads from coast to coast. I covered 24 states. Sometimes I was away from home months at a time.

Thomas Edison had foresight and imagination as a businessman. And he was a born salesman.

I had not been on the road long before one of his well known memos reached me:

"Peters. Visit all towns of 3,000 or

Tom Edison's Sales Techniques *continued*

PHOTO: CULVER PICTURES INC.

more, even if there is no dealer on your list. I suppose you are doing this already but I thought I might not have mentioned it to you." His messages were signed variously "Edison," "TAE" or simply "E."

I am sure he felt he had not briefed me adequately before my first "shopping tour" as an Edison scout. Another letter reached me shortly:

"Go in as a stranger wanting to look over phonos and hear records on each instrument—other-make machines—and get prices and terms they sell on. Also ask if keep good stock of records and if they get latest hits promptly, especially Edison.

"Ask the difference between the Edison and others they handle. Note what kinds of Edison machines they have. Draw them out on which machine sells best—Edison or others. Say you like Edison quality best and see what they have to say. Note quality of store position and locality. When you go away, jot down in your notebook every detail of the conversation."

Mr. Edison was most concerned about the caliber of dealers handling his phonograph. He wanted to know everything he could about them: Their methods of selling and what kind of clerks they employed, the kind of community in which they were located, working conditions . . . everything.

I would receive, for example, such instructions as these:

"Be sure to get population of the county in which the town is situated. This is to get me idea of the intensity of the farm population which we do not get by adding all the towns. This I think is in U. S. Census book you have. This is important."

In quest of exclusiveness

Mr. Edison was determined to nail down exclusive dealerships for his phonograph. He was convinced this was the route to success and would provide more opportunity to compete with the equally popular Victor and Columbia phonographs. He devoted one of his longest memos to me to the subject of exclusive dealerships:

"It seems a good business proposition for a dealer to select but one type of phonograph—the best, whoever makes it, and push that make. He will then have a single line of standard goods. . . . The co. [which] makes the good one will have a large interest in the success of the dealer and can afford to spend money and look after his interest. All of which is impossible if he sells those of several companies. Their receipts are so small that no one company can afford to spend money to help the dealer."

In this same memorandum Mr. Edison listed a "number of arguments that can be used in the endeavor to change over a combination dealer to exclusive Edison." Among these arguments:

"On account of the better values we give, and the great expense of mfg. our records by which we sell our machines and which by cheap attachments can be played on other makes to our disadvantage, we are compelled to get exclusive dealers.

"There has never been any profit in manufacturing records alone. The profit comes entirely from the sales of machines and we will no longer give a dealer record advantages to be used to help the sale of machines manufactured by competitors who do not go to the trouble and expense of building up a catalogue and manufacturing records continuously.

"Another argument was that our competitors brought out more dance and popular records. This is not now true. We select out of the great mass of music published every month only those which are the best, as the dealers now know.

"We do not care to take on a dealer whose methods make it impossible to make money. We know from experience obtained experimentally that certain economies are necessary to make a good profit for the dealer whose success the factory depends on."

Mr. Edison maintained this exclusiveness theme throughout most of the exchange of letters between us while I was on the road for the company. In one such communication he emphasized the point again:

"What is wanted is men who can persuade a combination dealer to go Edison exclusive, to give up and liquidate the other lines and concentrate on the best machine if he believes Edison the best—and we will get behind him, which on account of

5/27/24

Mr. Edison,

I mentioned the matter of returning home to my wife at reasonable periods from my trips.

Have been traveling continually, the last trip was away four and half months and in the past year and half have been home a total of nine weeks.

Your permission to return for a day or two will be appreciated and you can be assured that your generosity will not be taken advantage of.

Peters

Peters —
You might return
every 2 months
Edison

his handling competing machines we cannot do. Want to talk to you on this."

A subsequent memo on the subject shows how determined he was to achieve exclusive dealerships for the Edison phonograph and records:

"Of the help we can give exclusive dealer is that we will spend at least $400 to $600 or more to put over new way of selling by our expert, all at our expense. Also get lighted sign and if town with a main road erect a stand whereby hit posters can be put up every week or so."

There was, of course, a direct sales link between the Edison phonograph and the records which were sold to play on them. Mr. Edison felt his musical selections were among the best and he was prepared to advertise the fact. He overlooked nothing in putting this message across.

He was not always happy with the canvassers whose job it was to call on prospective customers at home. I got this curt note from Mr. Edison about one such sales representative:

"Note only 3 calls Friday. Investigate. Is Turck with anybody, and why only 3 calls? Should be 7."

One canvasser in his report to the home office explained that three people on his call list had moved, their whereabouts unknown. Mr. Edison scribbled across the report for my attention, "Why didn't he ask the grocer nearby and/or neighbors?"

Another canvasser, who also serviced the Edison phonograph, explained in a report that his points of call were quite scattered and that in one instance it took him 25 minutes to walk from one customer's home to another. Across this report Mr. Edison demanded succinctly, "Why?"

Consumerism

Mr. Edison was disturbed by some of the criticisms reaching him about the quality of his records and kept insisting that his men in the field keep probing to determine customer dissatisfaction.

"We are after information in addition to getting goodwill by servicing," he reminded me one day. He was particularly agitated that a service representative had played four or five Edison records for a customer and had not learned why the customer was still dissatisfied.

Mr. Edison had a good ear for music—although he was rather deaf—and was largely responsible for picking the records which the servicers used to demonstrate the phonograph.

There were such numbers as "Flapper Wife," "June Brought the Roses," "How Do You Do?" and "I'll Take You Home Again Kathleen." This latter number was the largest selling record in the history of the Edison phonograph.

As I have indicated, Mr. Edison was, along with all his other great attributes, a good salesman. He figured that sooner or later every wage earner would get a haircut, so why not place a demonstration phonograph in barber shops? Here is how it worked:

The jobber-dealer selected a busy barbershop and arranged to put in a phonograph along with a supply of the week's most popular records. When a customer came in, the barber started the phonograph. If the customer volunteered a comment about the fine tone of the record the barber would go into his sales pitch about the superior quality of the Edison phonograph.

It was up to the barber to judge whether the prospect was worth following up. If he thought so, he filled out a double card and sent one to the dealer and one to the factory.

The barber received a generous commission on every sale. Also, Mr. Edison charged the barber a rental fee.

He kept a close check on these barbershop sales. Here are two random memos:

"Note the barbershops in the 35 towns picked out. Most of the subdealers will be in the country but a few of the best ones will be put in the city—in Greenwich for instance 4 might be used."

"I note he is not getting any prospects from barbers. How many has he got from barbers since he started?"

The No. 1 salesman

One of Mr. Edison's favorite dealers was a man named Dorn whose place of business was about 40 miles from the factory in Orange. He felt that Mr. Dorn, above all others, was by far the best Edison salesman.

I was frequently called upon to try to teach the "Dorn method" to the

Tom Edison's Sales Techniques *continued*

other dealers. The following letter to me illustrates Mr. Edison's feelings for Mr. Dorn:

"Write Sutfin to give me the list of records he carries—it makes a great difference what records are carried—

"I note you do not carry out the Dorn method sent in the travelers report in all details—

"You should ask owner if any of his friends have an Edison machine. Dorn up to date has found 57 Edison owners not on his mailing list. Dorn at present uses following records, plays the hit side on 2 or 3 but if owners show much interest he plays all 6 hit sides only. . . .

"In getting prospects he says to owner, 'If you have any friends who enjoy music, we will let them have a phonograph and some good records for 2 or 3 or 4 days.' We do not try to sell the instrument except they express a desire to own one."

In the year and a half I was on the road for Mr. Edison I put in many thousands of miles of travel—some by rail but mostly by automobile.

In fact, I went through two Fords in 18 months. These instructions from Mr. Edison will give an idea of my travel schedule:

"I want you to go up to northern Michigan after you finish Pennsylvania and work there, then work down through . . . part of Michigan and part of Wisconsin which are in the Chicago jobber territory. I am afraid of snow blocking things.

"We will work Northern states first as we can work Southern states in wintertime without snow and road troubles. When snow bothers us we can use the railroads."

Friendships of the mighty

On a trip from Green Bay to Appleton, Wisc., the engine of my Ford froze. I went to the nearest Ford dealer and the salesman made me a good trade-in offer. I wired Orange for instructions. An immediate answer followed: "Mr. Edison approves. Sending money order."

Unfortunately, when I went to pick up the new Ford the owner was in and balked at the trade-in deal made by his salesman. I said to him, more facetiously than seriously, "If you don't go through with it, you won't be a Ford dealer much longer. This old Ford belongs to Mr. Thomas Alva Edison and you know what good friends Mr. Edison and Henry Ford are."

I got the car.

Twenty miles out of town one of the tires blew. I returned to the dealer and complained. He threw the ball back at me: "Why don't you go to that Firestone dealer down the street and remind him what good friends Thomas Edison and Harvey Firestone are?"

I did and got my new tire.

Weeks later, when I returned to New Jersey, I recounted this to Mr. Edison. He enjoyed the story.

Mr. Edison seemed satisfied with the work I had done on the road and after that I spent most of my time in Orange. I had my same desk in the library with this great man and my memories are rich. During this period we worked very closely improving the marketing apparatus for the Edison phonograph. Of all Mr. Edison's great inventions, the phonograph was closest to his heart. He loved music.

In 1926, I decided to leave the Edison enterprise. I believed radio was becoming the entertainment medium of the country and I was not sure of the future of the phonograph. I had an excellent offer to join the infant electrical refrigeration industry and accepted.

I wrote Mr. Edison who was vacationing at his home in Ft. Myers, Fla. After explaining my reasons for leaving I told him:

"The privilege of our association, needless to say, has been stamped indelibly on my mind as one of the big bright spots of my life. It is my sincere hope, both for your sake and that of all humanity, that you will be spared for many years to carry on the noble work which, as everyone knows, has contributed more to the advancement of civilization than the contribution of any other brain."

Mr. Edison's secretary sent me his pencil-scrawled answer:

"Say I am sorry he leaves. I have great faith in the future of electric refrigeration and think he has decided rightly in connecting up with it." END

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LESSONS OF LEADERSHIP

PART LXX

J. Willard Marriott Sr. of Marriott Corp.

Money as a means to an end

There's one thing that's immediately obvious about J. Willard Marriott Sr. He's an innately kind man.

And fate has been kind to Mr. Marriott.

The company he founded and has guided has become one of the largest feeders of people in the United States—largely, he believes, because of good employee and customer relations.

"I am a people-oriented fellow," he's fond of saying.

After 20 years in the Marriott Corp., an employee may well retire with an income in excess of his regular salary. This is because Mr. Marriott has for long shared handsome profits with his employees, maintained a retirement plan of grand proportions, sold stock to employees at cheap prices and provided many another benefit.

Marriott Corp. has had few moments of serious trouble with those who work for it.

The company began in 1927 with a tiny root beer stand in Washington, D. C.

Today, it has 25,000 employees, and its annual sales exceed $300 million. Its enterprises include Marriott In-flite Services, Fairfield Inns, Hot Shoppes and Jr. Hot Shoppes, Big Boy Coffee Shops and Roy Rogers Family Restaurants, a string of Marriott Motor Hotels, the elegant Essex House in Manhattan, the Camelback Inn in Arizona and the Marriott Acapulco in Mexico.

Mr. Marriott, who is tall and slim, is 70 but looks 15 years younger.

That isn't because things have always gone smoothly for him.

There was the time, for example, when circumstances forced him to borrow money from his mother-in-law before he could go on his honeymoon.

He tells about this incident, and others beginning with his boyhood in Utah and running right up to the present, in this NATION'S BUSINESS interview conducted on the sun porch of his comfortable but unostentatious home in Washington.

Mr. Marriott, have you ever stopped to think that you would need a full year to eat your way around the Marriott circuit—that is, have one meal in each of your own and your franchised restaurants?

I suppose I have been too busy to actually realize how much we have grown. That's one thing about America: When you start out you never know where you are going to end up. This is a great country with unlimited opportunities.

When I finished college my friends said there were no more opportunities because all the land had been homesteaded and the frontiers were gone. But the potentials were like huge icebergs hidden beneath the surface. I might add, the situation is no different today. I didn't dream of any great empire when I started. What I was interested in was finding something to do where there seemed to be a challenge and a future.

At what point did you realize the Marriott Corp. was going to become tremendous?

I don't know that there was any

J. Willard Marriott Sr. of Marriott Corp.

continued

one point. I could see that there were great possibilities in our business because we were catering to the automobile trade.

We put in drive-in service. Up until the late 1920s, about the only drive-in food business was in the South and Far West, where people drove up to corner drugstores in small towns to get sodas or sandwiches.

Then, a man named McGinley down in Texas invented the curb service tray to hang on the side of the car. He got patents and he's still making that tray.

A fellow named Allen, in Sacramento, Calif., and another man named Wright worked out a formula for five-cent root beer which they called A&W.

In Salt Lake City, during my last year in college at the University of Utah, a couple of root beer places opened. They were so successful that drivers lined up all the way around the block trying to buy a five-cent glass of ice cold root beer.

I decided to buy the franchise for Washington, Baltimore, Philadelphia and Richmond, and go east. I knew that Washington got awfully hot in the summertime, and I thought it would be a great climate for ice cold root beer.

Mr. Marriott, who is unabashedly patriotic, was main organizer of the huge Honor America Day celebration in Washington last July 4. The Rev. Billy Graham (right) was one of the speakers.

Before I started east, I spent a year teaching at Weber State College in Ogden, Utah. I did a lot of things in that little college—I was treasurer, and I ran a theater—until about March of 1927. Then I came to Washington and opened my root beer stand. In June, I flew back home and got married.

Not many people were flying in those days.

No. But I flew out to Salt Lake City to marry my little girl who had just graduated from my same college.

At 6 a.m. on my wedding day I went to a woolen mill in northern Utah, which I had sold for, and tried to collect $3,000 owed me. During the previous summer 45 salesmen, under my supervision, sold woolen goods in California logging camps. I got a commission on their sales.

The company said, "Well, you have been away quite a while; we are not going to pay you." So instead of getting my $3,000, I got nothing. I was out of money.

I rushed back to the Mormon Temple in Salt Lake City—two hours late for my wedding. A very worried bride and her mother were there waiting.

Instead of having a reception, my wonderful widowed mother-in-law gave us $200 to get back to Washington. So we got in my Model T Ford—I had left it in Utah—and headed for the East.

It took us 11 days. It rained almost constantly, so most of the roads were mud. We got stuck several times. Every time we'd go 35 miles an hour, the engine would boil over. Every time we'd go over a hill, it would boil again. What a trip!

Did the mill ever pay you the $3,000?

Yes, the next year. After a lot of threatening to sue, they finally paid me. That was a lot of money, then, and it came in very handy to help open another root beer stand.

My father couldn't help because he had just suffered tremendous financial difficulties. At the end of World War I he owned about 14,000 head of sheep with a bank mortgage. The price on sheep dropped from $14 down to $4 a head.

Like practically every sheepman in Utah, he went broke.

But I had saved and borrowed $3,000. A friend of mine, Hugh Colton, who was attending law school in Washington, D. C., provided another $3,000. This supplied the capital to operate two A&W stores.

Then came the terrible 1929 crash. Shortly before the crash a friend at the bank across the street from our

first place asked me not to withdraw our deposits. So, being loyal to him, I didn't. After closing, the bank finally paid off about 20 cents on the dollar.

By then my partner had become a lawyer and wanted no more part of a tough root beer business.

When our first winter came we couldn't sell root beer, so we added some hot items—chili con carne, tamales and barbecue. The Mexican Embassy was close by and its chef gave us recipes.

Our first little unit was a root beer stand one night, and the next morning it was a "Hot Shoppe." We stayed up all night, put some stools in, took the big orange barrel out of the window, and put a little barbecue machine in its place. We left the sawdust on the floor.

Soon we opened a drive-in, the first in Washington.

We passed out free root beer tickets at street intersections. This brought us more people than we could take care of.

We just kept enlarging—getting more locations, adding to our menu—until today we have almost every type of restaurant in America. We have over 350 company-owned units and over 700 franchised units.

Before telling us more about today's Marriott Corp., are there other incidents from your early business experience that stand out in your mind?

If you want me to reminisce, I'll go back to 1915.

This was my first business deal: to sell a trainload of my father's sheep in San Francisco. I was 14 and my father put me on a sheep train at Ogden, Utah, going to San Francisco.

We had been running sheep in the desert in the wintertime and in the mountains in the summer.

My father wanted to get early lambs to the world's fair. He put the sheep aboard and me in the caboose.

Every time the train would jolt to a sudden stop, my job was to jump off, take a long pole and run alongside the cars and jab lambs that had been knocked off their feet and were all piled up, suffocating.

After I got them up I would get on top of the train and run back to the caboose while the train was in motion. This was scary business.

The next year, my father sent me to Omaha with more sheep. When we got to Cheyenne the train inspector said, "We don't allow anybody on this train under 18. Get off." So I had to take a passenger train to Omaha.

When I got there, I waited two days but my sheep didn't arrive. After three days, we finally found them back in Wyoming in a feed lot. Somebody had neglected to send them on. There were about 3,000 head and when we finally got them to Omaha some greenhorn in the stockyard turned my sheep right in with somebody else's, mixed them all up with a whole band of sheep from Texas. Those Texas sheep weren't nearly as large as our Utah sheep.

My father had bought these sheep at the stockyard in Ogden. They had various brands on them, so I couldn't tell which were ours. It came out all right, though. We ran them through the chute and I cut out the biggest ones.

I kept going on sheep trips. My father used to tell me, "Never send a boy to mill." But he always sent me to mill when I was a boy.

Mr. Marriott, your company feeds millions nowadays. Just who are they?

We feed everybody who eats out—the family, the teen-agers, executives, tourists. . . .

Airline passenger feeding has become a large part of our business. I don't think I mentioned cafeterias in industrial plants, and food vending machines in plants and office buildings. We also cater to hospitals and colleges, and airline terminal and toll road restaurants.

Would you say that preparing over 350 meals for one jumbo jet is the biggest carry-out operation in the world?

I don't know any other single one that's bigger. But we planned special equipment to do this and we can completely serve one of these giants in 30 minutes.

What general rules do you observe in deciding whether to build a large new facility?

We don't take anything that isn't first a prime location. We believe a top location is absolutely vital. We study the environment of the area, the competition, the potential, the need for a restaurant or hotel, whatever it may be.

We won't take a location because the rent is low. Most of our locations are in expensive rent areas. We want to be where the people are—where we can do a volume business. An extensive questionnaire is filled out by our real estate department and studied thoroughly before we decide on a location.

Does it take much nerve to order the building of a huge hotel at times like these, when wages and other costs are skyrocketing?

It has to be an awfully good location with real potential and a reasonable rental base. We do have some extensive expansion plans which we are watching very closely. But we can't stop without serious results to our profits and personnel.

As an example, we have a 1,000-room hotel next to the Los Angeles International Airport we have been planning for three years. We have a big one under way in New Orleans. And we are going to go ahead with others in Denver, St. Louis and Miami. Building costs are increasing at the rate of 10 to 12 per cent a year, so if we wait, our costs may be more—even if money is cheaper.

Would you describe some particularly nerve-racking periods for the Marriott Corp.?

I suppose the most critical period was during World War II when gasoline was rationed and cars couldn't be operated except for business purposes. It was touch and go because we were depending almost entirely on automobile traffic to get our customers.

But we were far better off than some of our competitors who were out on the highways. All our locations were in cities close to business and residential areas.

What about your decision to go into the hotel business back in the Fifties?

J. Willard Marriott Sr. of Marriott Corp. *continued*

We had a very unusual location on the Potomac, next to the Pentagon. It was on U. S. Route 1, which was carrying 110,000 cars a day, and Washington National Airport was close by. We had obtained this property for our future office headquarters. But we felt it was a natural for a good hotel, so we changed our plans.

We hadn't been in the hotel business, but it was related to the food and service business. I was skeptical of the downtown type hotel, having lived through a period when most of them failed. So we built for the automobile traveler—the motel concept—as well as for the businessman.

Your fixed-price, do-it-yourself ice cream bar is one of your latest innovations. Don't customers eat you out of house and home on a hot day?

I was watching some of them recently. I noticed the kids and older folks were having a great time fixing their own ice cream sundaes, piling up the nuts.

Don't you go broke passing out all those nuts?

Well, a lot of people don't like nuts. There is also a practical limit, since they can only get so much in a cup. But this is an added attraction we charge to advertising.

You've done quite a lot of innovating, haven't you?

Well, I guess the urge to earn a living made it necessary to be innovative. When you work for yourself you become an innovator or you don't eat.

I have traveled a lot to see what competitors are doing. I've never been satisfied with anything we've ever built. I've felt that dissatisfaction is the basis of progress. When we become satisfied in business we become obsolete.

So we have tried to keep current, and a little in front of our competition.

We make five- and 10-year plans and keep changing them as we look at future market prospects.

Mr. Marriott, as a Mormon, how do you feel about serving whiskey and beer, and selling cigarets, in your restaurants?

Well, I don't have to drink the stuff or smoke the cigarets. Our business demands that sort of service, and if we are going to be in this kind of business, we must sell the things our customers require.

I feel that if we operate in a first-class manner and maintain a reputable business we are rendering a good service to the public.

Is your family in the business?

Yes, but we're pretty large now—we're not really a family business. My oldest son, 38, is president of the company and my other son, 32, heads our architecture and construction division. But we're decentralized into some 16 divisions—and none of their vice presidents is a member of the family.

Do you feel the urge now and again to look over your son's shoulders as he runs the company?

I get involved in policy making, and in our expansion program. This means checking locations for a large hotel, or getting into major financing problems. I also check our operations for service and food quality. Fortunately, my son has a mind of his own and is not afraid to make decisions. He has freedom to operate the business.

You and President Nixon are old friends. How did this friendship begin?

I became acquainted with him when he came to Washington as a Congressman in the late 1940s. I suppose my friendship with Republicans began in 1929 when my wife's mother came to visit us. She had been a widow 10 years. We introduced her to Sen. Reed Smoot of Utah, chairman of the Finance Committee. It was almost love at first sight. She was a beautiful woman. His wife had died a couple of years before.

They got married and spent their honeymoon at the White House as the guests of Herbert Hoover.

So, through the Senator, I became well acquainted with Republicans and when Mr. Nixon came I became acquainted with him.

I had never been engaged in politics in any way until President Nixon named me chairman of his Inaugural Committee. I have always supported the Republican Party, but I also have a lot of wonderful friends who are Democrats.

How do you spend most of your time these days?

Visiting our hotels and other operations and doing civic and church work. Last year I was chairman of the Executive Committee of Honor America Day, on July 4. It took almost my full time for six weeks.

I like people and I get a great thrill out of going to our shops and hotels. I don't like the office. I like to work with people.

You're a happy man, then?

Well, I'd say so; as happy as one can be facing the problems of a hotel-restaurant business.

Which lines of your business do you feel closest to?

I don't know that I have any favorites. They all use a lot of people, so I am happy helping to keep our morale at a high pitch in any kind of operation.

We try hard to maintain a friendly and customer-oriented employee. We have a lot of employee parties at our company farm in Virginia. We've built a large pavilion there, and they have outings, barbecues, horseback riding and dancing.

There are trains and ponies for the kiddies as well as hay rides in the mountains.

I spend my time at these outings renewing old acquaintances and making new ones. It's really quite touching to see employees who have been with our company through the years—some as many as 40 years—all the time serving with great loyalty. They are as interested in the business as if they owned it. Of course, most of them do own part of it. They have stock in the company.

What is it like being rich?

If you're rich, you still get arthritis, headaches and stomach-aches—possibly more so than the poor guy. A Chinese philosopher once said a rich man can only eat so much, and that's about the way it is.

I believe money should only be a

means to an end. If we do good with it, help those in need, provide an opportunity for others to have some of the good things in life, contribute to worthy causes, do things that make others happy, then money is a great blessing.

Otherwise, if we are selfish, it becomes a curse and provides no happiness for anyone.

I suppose we all fall short of our objectives, but I've tried to be constructive—to do some things that involve accomplishment.

We treat our people right, just like they're members of our family. There's nothing within our power we won't do for the people who work for us.

If someone gets sick, we look after them. We have a profit-sharing plan where we give a good percentage of our profits to employees and they also contribute some of their earnings. Most of our employees who have been in this plan for 20 years or more will retire with as great an income as they had while working.

And all our executives own a considerable amount of our stock. I've always believed that those responsible for management should have an ownership interest. A lot of our executives have retired as multimillionaires.

In an attempt to upgrade workers, we have adopted an incentive plan for all employees. We tell them, "O.K. You do a good job for three months and you'll have a chance to be promoted." We call this our career progression program.

This has a particularly good effect among minorities. No tests, no formalities—just give them a chance to jump up a couple of grades. For maybe two hours a day, we let them see if they can do the higher-paid job. They then feel the way is open.

We want our people to realize they have a future to work for. END

REPRINTS *of "Lessons of Leadership: Part LXX—J. Willard Marriott Sr. of Marriott Corp." may be obtained from Nation's Business, 1615 H St. N. W., Washington, D. C. 20006. Price: 1 to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.*

The Yank Banks Have Landed

Europeans are speaking of the "Great American Invasion" as U.S. bankers branch out in Britain and on the Continent in a big way

For 43 years, Bill Piper was a British bank executive. Now, he's with Detroit Bank and Trust Co. in London. He believes the Eurodollar's effect on Europe today has a precedent considerably older than the church—St. Helen's—in the background. In the Sixteenth Century, he says, New World bullion flowed into Europe. It created wild inflation, new social forms, even new countries. Politics changed as business became respectable and the power of landed classes diminished. Does any of this sound familiar in the Europe of 1971, as the dollars pour in?

PHOTOGRAPHS BY YOICHI OKAMOTO

London is the world's best training ground for international bankers. Modern banking developed there, and now, as capital of the 45 billion Eurodollar market, London challenges New York as a financial center. Still, it's a colorful old city, filled with panoply and tradition. Seemingly, there's always a parade forming up. Robert O. Blomquist, general manager in London for Chase Manhattan Bank, has only to step outside his office to see starts of frequent "Lord Mayor's Processions."

LONDON—Austin Friars is a narrow, colorful passageway twisting among ancient buildings in the heart of The City, the square-mile financial center of the London metropolis. It's as English as can be, but there on a conspicuous corner is the American National Bank and Trust Co. of Chicago.

Senior Editor Sterling G. Slappey interviewed bankers and government officials in London, New York and Washington in preparing this article.

Just to the west, dominating the area, is a high, silver and gray building, as modern as the collection of impressionistic statuary mounted in the courtyard.

Inside, the Chase Manhattan Bank of New York has set up shop for 500 employees.

Business has been so good in London for First Pennsylvania Banking and Trust Co. of Philadelphia—a bank organized nearly 200 years ago to finance the fight against soldiers from this very country—that First Pennsylvania moved to expanded quarters on Trump St.

Over in Amsterdam, First National City Bank of New York occupies chambers on a prestigious street in the deceptively tranquil financial section. A slow-flowing canal with overhanging trees is just in front.

These are only a few of a stream of American banks which have crossed the Atlantic to change the face of European banking.

Fifteen years ago, only six U. S. banks—all of which ranked among

Banks have no problem finding men to send to European offices. Bright young executives beg for foreign assignments. First National City Bank of New York sent Fred Pettit, 35, to Amsterdam five years ago and he's delighted. So are his wife and three kids. "It's advantageous to my career, being abroad," he says. "I have wide responsibilities and I'm getting international experience when multinational companies are increasing." English is so international a language that Americans need to know little Dutch.

the world's largest—had branches in Europe. Today, 45—not all of them quite so gigantic—do. The total number of their European branches is well over 100.

Thirty-eight of the banks have set up shop in The City of London. There, no matter which way you turn, are new branches of banks from such cities as Cleveland, Boston, Detroit, Dallas, San Francisco, Milwaukee or Pittsburgh.

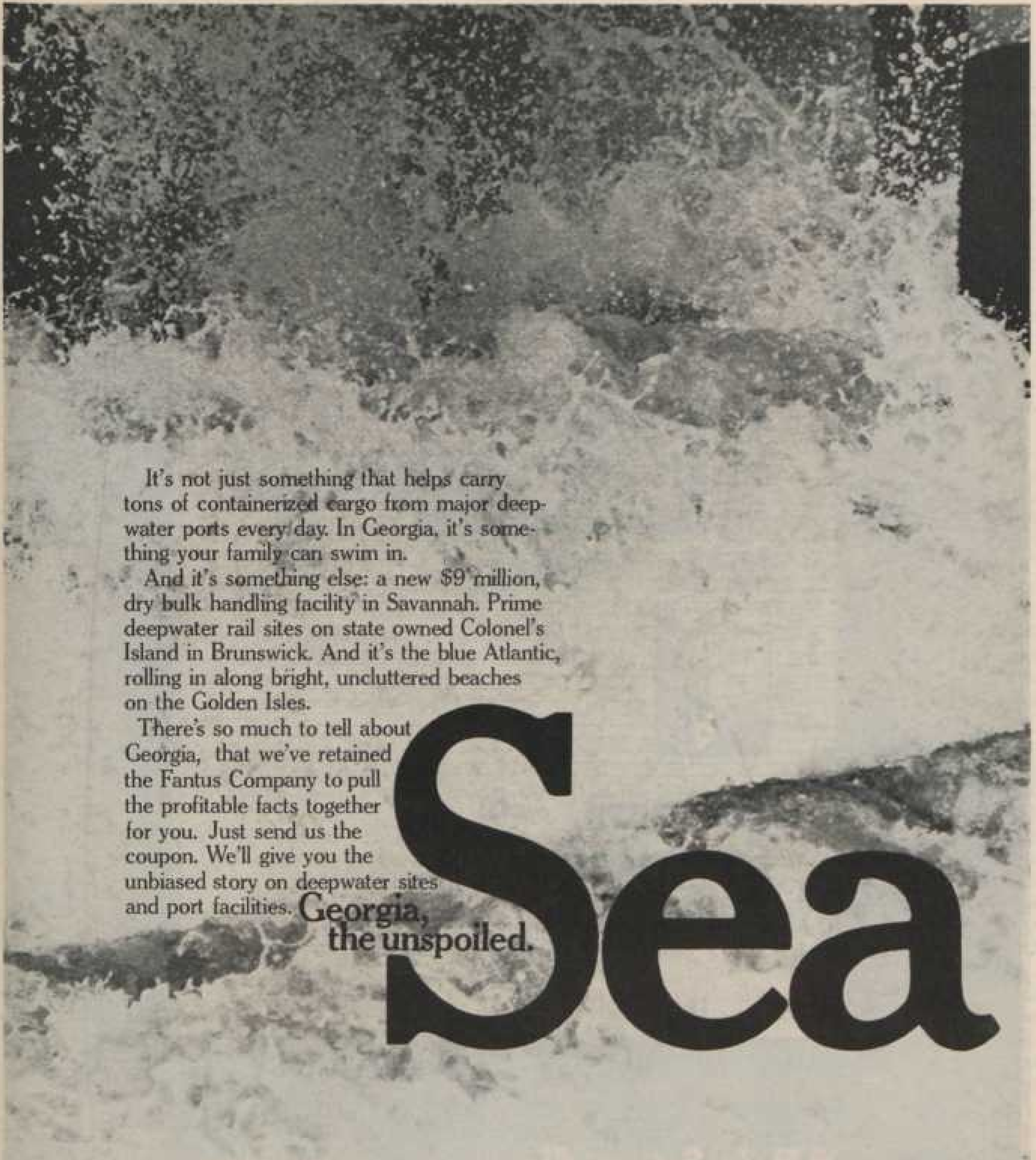
Moorgate, a principal thoroughfare in The City, is so filled with American banks it is often called, "Avenue of the Americas."

Every few months a bank will open an elaborate European office. Usually it's in London, but giants of the banking business will further expand to such places as Manchester, Glasgow, Brussels, Stuttgart, Munich, Milan or Düsseldorf.

Smaller banks, not wishing to spend the $300,000 to $400,000 minimum for a proper London branch, can take their pick of other routes for the penetration of Europe—a process now called the "Great American Invasion" or the "Third Front."

They can work through correspondent European banks or join consortia with foreign banks, buy interests in British banks or set up small offices in such offshore places as the Bahamas which are closely connected with European banking and in good positions to funnel loan money from Europe to the United States. Or, they can do all of these.

National City Bank of Cleveland, First City National of Houston and


It's not just something that helps carry tons of containerized cargo from major deepwater ports every day. In Georgia, it's something your family can swim in.
And it's something else: a new $9 million, dry bulk handling facility in Savannah. Prime deepwater rail sites on state owned Colonel's Island in Brunswick. And it's the blue Atlantic, rolling in along bright, uncluttered beaches on the Golden Isles.
There's so much to tell about Georgia, that we've retained the Fantus Company to pull the profitable facts together for you. Just send us the coupon. We'll give you the unbiased story on deepwater sites and port facilities.
Georgia, the unspoiled.
Sea
Georgia Department of Industry & Trade, Industry Division, Dept. NB-3, P.O. Box 38097, Atlanta, Georgia 30334
Please send me free information on my company's profit potential in Georgia.
Name
Title
Company
Address
City
State
Zip

First National of Seattle have joined banks from Paris, Brussels, Geneva, London and Amsterdam to form Rothschild Intercontinental Bank Ltd. Home office is in The City.

One of the largest consortia is Orion Bank Ltd., jointly owned by Chase, Germany's Westdeutsche Landesbank Gironzentrale, The Royal Bank of Canada and England's National Westminster Bank Ltd. Headquarters?

London, of course.

National Shawmut of Boston, Manufacturers National of Detroit, First Pennsylvania, and United California of Los Angeles are in business with French, Dutch, Italian and British banks in Atlantic International Bank Ltd. of London.

All for one

Allied Bank International is owned by 18 U. S. banks.

Crocker-Citizens of San Francisco is tied in tightly with Italian, Canadian, French, Belgian, German and British banks in United International, which is London-based.

Altogether there are 16 very large, exceptionally well funded consortia and all but five have at least one American member.

These consortia arrange mergers and take-overs, lend locally, and are hyperactive in locating funds in Europe which can be loaned in the United States. They are active, too, in finding new clients for their members.

Even nonbanking U. S. companies are in the act. Dow Chemical Co. wholly owns Dow Banking Corp., a Swiss bank with only a tiny office in New York.

The bank does not lend or take deposits from Dow Chemical or its other subsidiaries.

One American bank got so carried away with the prospects of making money in London that it spent more than $1 million refurbishing an already elegant banking property in The City.

The premises would do credit to one of London's own largest, most prestigious head offices.

Then, the bank went out and bought one of the finest homes in London. It was refurbished and now is a residence for one of the bank's executives, and a sometime "guest house" for visiting executives. These premises would do credit to a cousin of the Queen.

What's the big attraction in Europe—especially London? Why have staid American banking houses rushed abroad?

For one thing, there's the fine impression to be made on the customers back home that only a fancy foreign branch can provide. There's the business to be done with thousands of American tourists, as well as companies with large European operations, who prefer to bank at branches of familiar American institutions rather than at foreign banks.

And, of course, there's a good run of ordinary, day-to-day banking business with European individuals and companies.

There are other reasons, too.

Says Gerard E. Keidel, vice president of American National of Chicago, when asked why his bank, deep in the heart of America, set up a major branch deep in the heart of London:

"The added know-how acquired in London will be a valuable tool in servicing customers.

"The London branch can be used as a training ground for expanding the horizons and sophistication of both our domestic and international officers. And the facilities and flexibility which it will add to our international banking effort will improve our ability to employ first-class international banking talent."

Emperors of the Eurodollar

Of all reasons for dashing to Europe none is more important than that time-honored desire of free men in a relatively free economy to make a dollar.

Dollars in this instance are Eurodollars and the bankers in London and on the Continent dealing in them are the emperors of the Eurodollar.

Probably the best definition of a Eurodollar is the shortest one: an American dollar banked in Europe or a dollar balance in a European bank account.

Right now there are a mind-boggling 45 billion Eurodollars.

There also are Europounds, Asiadollars, Asiamarks, Asiapounds. But there are vastly fewer of them and the movement of those expatriated currencies in international markets hardly compares to that of Eurodollars.

Eurodollars have been passing back and forth between lenders and borrowers since long before the Civil War, but they amounted to little—and indeed did not get their name—until after World War II.

In the late 1940s and early 1950s actual dollars, or balances in dollars in European accounts, were put to use by their owners—who, of all people, often were communists and communist governments.

Dollars or dollar credits had accumulated in payment for various items and services. The accumulation stemmed from wartime aid and—in the case of the noncommunists—postwar aid.

Communists either cashed the accounts for their own currencies or more wisely made the balances available to Western European banks and to branches of American banks, usually London houses, for lending at high interest.

Soon after World War II, enormous additional sums of money, mostly in dollars, poured into London bank accounts of the oil sheikhs of the Middle East. Some sheikhs threw their money around for pleasures ranging from fleets of Rolls-Royce and Cadillac autos to concubines. But much of the sheikhs' funds that went to London was made available for lending.

Then came waves of American businessmen buying up European companies, spending lavishly for subsidiaries, financing partners and making all sorts of purchases. Most deals were in dollars.

And then there were the American tourists, cashing dollar traveler checks and letters of credit and receiving local currencies. Their dollars were—and are—transferred to French, British, Dutch, Belgian, German banks, companies and individuals.

Opportunity knocks

Some $3 billion to $5 billion had piled up in European banks or of American bank dollar credits held in Europe when shrewd financiers of The City realized that here was opportunity—a growing, potentially

Peter Kremer, 45, has been a Bank of America executive for 18 years. He's German, speaks fluent French and English, understands multinational business and banking as few do. "With more multinational companies, there will be more multinational banks," he explains in his elegant, ornate banking premises in Munich. He advises: "Before opening a business abroad, you should see an international banker." He consults often in San Francisco and New York with Bank of America directors, and has two Americans under him.

enormous, source of loan money. British banks seized the opportunity. Giant American banks which had operated London branches for years were not long in seizing it too.

At first a bank would designate some bright young man, versed in international monetary affairs, as the Eurodollar expert. Then his operation would be expanded to a three- or four-expert "desk," then to a department.

That's what most such operations have now become—Eurodollar departments, with highly trained men, intercontinental teletype networks, phone networks in London, big quotation boards.

These men watch out for large amounts of Eurodollars coming on the market at the lowest possible interest rates. Oftentimes they find an individual, company or country in need of a loan and match the money to the man.

Between two thirds and three fourths of Eurodollars or credits are transferred, or "loaned," between branch banks in London and home offices in the United States, whence they are reloaned to Americans. Eurodollars helped make up for money shortages caused by federal restrictions on the amount of interest that U. S. domestic banks could pay on time deposits.

Make no mistake: Eurodollar loans do not involve paltry sums.

Jeff Howles, manager of Bank of

America's branch in London—one of the most respected of the old-line branches—reports that up to 300 million Eurodollars have been used in several single deals.

It is known that Eurodollars were borrowed in London by one American company and used to buy one of America's largest steel companies. Another vast sum was located by the branch of an American bank in London for an American client and used to purchase a big Hollywood movie studio.

Bankers Trust Co. of New York, operating through Bankers Trust International, was deeply involved last May in the largest Eurodollar deal ever—a $425 million loan to the Italian state electricity authority. British, Swiss and Italian banks were partners in raising the princely sum.

Expatriated American dollars have already been loaned in large amounts for a whole range of private and government projects in dozens of countries. The Democratic Republic of the Congo recently got $25 million from Bankers Trust Co. in London for increasing transportation facilities.

The insatiable hunger for money, even at such interest rates as 13 per cent, has nurtured the Eurodollar market. Recently, as the money supply in the United States has increased, the demand for Eurodollars has slackened. But only slightly.

Meanwhile, the demand for ready money has been steadily increasing within Europe—which, in effect, has taken up the slack created by the slightly lessened American demand. Eurodollars in increasing millions are circulating among European banks on behalf of European customers.

Eurodollar experts at Chase in London say they expect a change in the ratio of Eurodollar deals being earmarked for use in the United States. In a year or two the ratio will be one fourth, with Europeans using the remaining three fourths, Chase believes.

Although the Eurodollar market is changing somewhat, as well as becoming more competitive as newly arriving banks leap in, no one thinks it will disappear.

It's too big, for one thing. For another, Eurodollars roll from loan to loan. Most Eurodollar loans are for relatively short terms. In two or three years, the borrowed money is repaid, goes into London accounts, and is ready for lending again.

People and places

American banks which want to operate in London don't just send their people strolling around to find ready-made quarters.

There is a shortage of appropriate buildings in The City of London the likes of which Houston, New York, Chicago or Cleveland never saw. The City is chockablock with all sorts of buildings but few are for rent or sale. Prospective building sites are even fewer.

Finding staff is still harder, especially senior people who know British banking and something of American banking.

Perhaps this is why such veterans as Joseph Mortlock have worked so many places.

"I open banks," he says—he's opened four in London alone, plus others in Africa, China and the East. "Bones" Mortlock, an Englishman, runs the American National office in Austin Friars.

Banking is under less government restriction in Britain than it is in the United States. Few rules are written down, although unwritten traditions do dictate.

Permission is easily obtained by legitimate banks to open respectable, full-service operations at appropriate ground floor locations. Employees must include a manager and his assistant, a foreign exchange trader and his deputy and accountants.

Once an American bank has taken care of the minimal paper work required, its manager drops by the Bank of England.

Probably, a glass or two of cream sherry will be drunk, a good lunch will be laid out and then the gentleman from the "Little Old Lady of Threadneedle Street"—as the Bank of England has been called for generations—will quietly say that he believes it will be fine for the American bank to get itself into business.

James R. N. Shirreff, an Englishman who runs the First Pennsylvania office on Trump St., says he knows of no American bank which doesn't have a line of bright executives waiting hopefully for a London post. Mr. Shirreff, as do other experts, says the American banking invasion and the Eurodollar market are permanent, not a suddenly-here-suddenly-gone affair.

"The Eurodollar market will continue to grow generally. There may be pauses in the growth, but the impetus is there," he says. "And it will evolve. It will take new forms, perhaps strange ones. And London will remain the center of it all."

Why London?

To say the least, The City is now getting an increasing amount of business which would have been transacted in Wall Street five years ago. This one factor, more than any other, has made British bankers quite happy to welcome the Americans. Because of the Yanks, there is more business here for everyone.

Why does London lord it over the Eurodollar market anyway? Why isn't New York the center?

One big reason is that London is in Europe and therefore among the people, the companies and the banks who have most of the Eurodollars. Too, English is spoken in London, and that's vital in a blisteringly fast-moving market where millions of dollars can change hands immediately on the word or nod of one man.

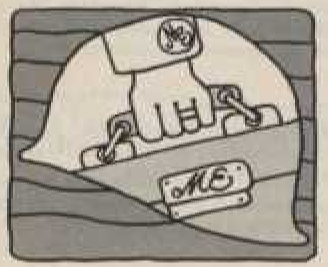
Also, London has its superb communications network. And Americans and Englishmen get on well together.

And, there's the time-of-day element. Eurodollars are up for grabs in Europe during virtually every business day.

New York is five hours behind London, which means that New Yorkers and Europeans are at their offices simultaneously only two or three hours a day. This isn't enough time to transact the Eurodollar business, which can amount to more than $30 billion a year. London is only one hour behind the remainder of Europe.

So, with the market happily settled in London and with the Eurodollar obviously a long-term, important factor in monetary affairs, this might be the moment to give it a symbol. Perhaps the U. S. dollar's "S" could be exchanged for an "E" and the symbol could look like this: ₠

From Khaki to Mufti



For job-hunting executives, it's a buyer's market.

"No one's stockpiling talent today," one recruiter says drily.

Stockbrokers, PR men, aerospace engineers and advertising account executives are among those hit by the business slump. And so are young Air Force, Army and Navy officers who are swapping khaki for mufti.

These officers "are good junior executive material," says R. James Lotz Jr., Battalia, Lotz and Associates, Inc., New York-based executive search firm. "Most of them are college grads, and have several years of leadership seasoning.

"They're savvy."

To help companies tap this growing pool of talent, his firm has set up a new program. It interviews these junior officers months before they leave service. Then a complete résumé on each, along with personal job preferences, is fed into the firm's computer.

The company matches corporate requests for executives against these and other names in its computer.

"We have 20,000 junior officers' names and their personal data in our electronic talent bank already," Mr. Lotz says.

"For some of them, the transition from combat to civilian life has been right out of Rudyard Kipling. You know, on the battlefield, a hero; at home, the breadline." END

An Honor Roll of Career Workers for Uncle Sam

Sixty-five top-ranked career government executives have been nominated for the National Civil Service League's 1971 Career Service Awards.

The 10 winners will be honored at a banquet, held to announce their selections, on April 23 in Washington. Each will receive a citation and $1,000.

Nominees represent many branches of the federal government.

The awards were instituted 17 years ago to recognize excellence of performance by career employees. This year's nominees:

Agency for International Development

SAMUEL C. ADAMS JR., Assistant Administrator, Africa

DR. JOEL BERNSTEIN, Assistant Administrator for Technical Assistance

MAURICE J. WILLIAMS, Deputy Administrator

Department of Agriculture

DR. RAYMOND P. CHRISTENSEN, Director, Foreign Development and Trade Division, Economic Research Service

CHARLES A. CONNAUGHTON, Regional Forester, Forest Service

CHARLES L. GRANT, Director, Office of Budget and Finance

JOHN T. PHELAN, Team Leader, U.S.D.A. Participating Agency Service Agreement in India

Department of the Air Force

HARRY DAVIS, Deputy Under Secretary of the Air Force (Systems Review)

DR. ROBERT G. DUNN, Senior Scientist (Solar Physics)

DR. ALAN M. LOVELACE, Director, Air Force Materials Laboratory

DR. JEROME G. PEPPERS JR., Director, Overseas Dependents School and Director, Dependent Education, Pacific

Department of the Army

VON E. DAVISON, Special Assistant—Education Adviser, U. S. Army Missile Command

DR. STEPHEN J. KENNEDY, Director, Clothing and Personal Life Support Equipment Laboratory

WALTER B. SANDERSON JR., Acting Technical Chief, Systems Analysis Branch, Systems Development Division, U. S. Army Strategy and Tactics Analysis Group

Atomic Energy Commission

VICTOR CORSO, Assistant Controller for Budgets

JOHN A. ERLEWINE, Assistant General Manager for Operations

GEORGE F. QUINN, Assistant General Manager for Plans and Production

Central Intelligence Agency

DR. R. J. SMITH, Deputy Director for Intelligence

Civil Aeronautics Board

OSCAR C. DISLER, Assistant Executive Director (Comptroller) Manpower and Management Analysis

Department of Defense

JOHN W. COOLEY, Systems Accountant, Office of Assistant Secretary of Defense (Comptroller)

JOHN F. COLE, Deputy for Procurement, Office of Assistant Secretary of Defense (Comptroller)

W. DONALD STEWART, Chief, Investigation Division, Office of the Deputy Assistant Secretary of Defense (Inspection Services)

WILLIAM C. VALDES, Staff Director, Office of Civilian Personnel Policy, Office of Assistant Secretary of Defense (Manpower and Reserve Affairs)

Defense Intelligence Agency

WILLIAM EDWARD DAKIN, Deputy Chief, Intelligence Support and Indications Division

WILLIAM F. FARRELL JR., Intelligence Operations Specialist, Deputy Chief for Collection Requirements

JACK M. MOORE, Special Assistant/Technical Adviser (Intelligence Operations Specialist)

Defense Supply Agency

MELVIN H. BAKER, Comptroller

WALTER G. INGERSKI, Staff Director, Civilian Personnel

Department of Commerce

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LUDWIG C. HOFFMANN, Assistant Administrator for Operations

Department of Labor

ROBERT C. GOODWIN, Associate Manpower Administrator for Unemployment Insurance, Manpower Administration

Department of State

ALFRED LEROY ATHERTON JR., Deputy Assistant Secretary of State for Near Eastern and South Asian Affairs

DAVID DUNLOP NEWSOM, Assistant Secretary of State for African Affairs

Farm Credit Administration

HAROLD T. MASON, Deputy Governor

Federal Mediation and Conciliation Service

DAVID SIMON TANZMAN, Mediator (Special Assistant to the Regional Director)

Federal Power Commission

GORDON M. GRANT, Secretary of the Commission

GEORGE E. TOMLINSON, Deputy Chief, Bureau of Power

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General Accounting Office

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General Services Administration

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Department of Health, Education, and Welfare

JAMES BRUCE CARDWELL, Assistant Secretary, Comptroller

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Dr. Robert J. Hermann, Senior Scientist

Dr. Louis W. Tordella, Deputy Director

Department of the Navy
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George A. Spangenberg, Director, Evaluation Division, Material Acquisition Group, Naval Air Systems Command Headquarters

John R. Wakefield, Deputy Project Manager and Technical Director, Naval Ship Systems Command

Gladys M. Zabilka, Elementary School Principal

Office of Management and Budget
Wilfred H. Rommel, Assistant Director for Legislative Reference

Railroad Retirement Board
George W. Kenaga, Director, Bureau of Unemployment and Sickness Insurance

Securities and Exchange Commission
Stanley Sporkin, Associate Director (Enforcement) Division of Trading and Markets

Department of the Treasury
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Elmer L. Rustad, National Director, Savings Bonds Division

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Martin Convisser, Director, Office of Program Coordination

Clarke H. Harper, Associate Administrator for Administration, Federal Aviation Administration

James F. Rudolph, Director, Flight Standards Service, Federal Aviation Administration

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Stormy Weather for CAB's Secor Browne

The head of the Washington alphabet agency that regulates the air carriers finds its problems far from as simple as ABC

PHOTOS: GEORGE TAMES

When Secor D. Browne gets to his office in the morning he knows that whatever he does that day is not going to please everybody.

"It may not please *anybody*," he grins. "It's a case of who hates you today."

The 54-year-old former businessman and college professor notes that the French have a shrug-of-the-shoulders saying for this state of things: *c'est le metier*, it's in the job.

The job for him is chairman of one of Washington's alphabet regulatory agencies, the CAB—Civil Aeronautics Board. It's the agency that awards routes, determines fares and generally is concerned with the economic well-being of the air industry.

Economically, the nation's air carriers ran into terrific turbulence in 1970, with a pretax loss of more than $180 million for the industry as a whole. The prime reasons were widely acknowledged to be the general slowdown of the economy and zooming labor costs, which account for more than half of airline expenses.

This sharp reversal of what had been a decade-long boom for the airline industry has been one of the chief reasons Mr. Browne's has been one of the hottest regulatory spots in Washington.

There has been deep unhappiness among industry officials over CAB decisions on fare increases in a period of economic cross fire: a business downturn amidst rising costs. There is also hot argument about past CAB practices of allowing more and more competition on key routes.

Noting that his industry's growth rate has been just about zero since 1969, the chief executive officer of American Airlines, George A. Spater, says the falloff "unfortunately has coincided with an orgy of route duplications by the CAB."

Chairman Charles C. Tillinghast Jr. of Trans World Airlines, which had a loss of more than $63 million in 1970, is among those in the industry who say "pricing flexibility" is desperately needed.

He says the CAB has gone so far in its rate-making function that

"about the only discretion left to carriers is that of trying to guess what the Board will approve and what it will disapprove."

Mr. Tillinghast told the National Press Club in Washington that coach fare between New York and Los Angeles is less today than it was in 1962 and that while the Consumer Price Index soared 88 per cent between 1946 and 1969, over-all airline fares rose only 27 per cent.

Point of little return

A gnawing concern for the airlines is their rate of return on capital investments, a major point in obtaining financing. Though not every airline lost money last year, Mr. Tillinghast says rate of return averaged out to less than 1 per cent for the year, has averaged only 6.6 per cent for 25 years and only once has reached the 10.5 per cent set by the CAB as a standard rate.

Mr. Tillinghast argues that in order to overcome the evils of excessive competition, the airline industry must recognize that frequency of flights and added capacity represent a dead-end street when used as weapons against rivals.

Also, he says, there must be a keener awareness by the CAB of the consequences of the competition that has been spawned, and a willingness to assist the carriers in achieving reductions in capacity by mutual agreement. And, he adds, there must be a moratorium on further CAB grants of routes.

As head of a five-member quasi-judicial agency, Mr. Browne can't talk about specific cases pending before the Board, be they route applications or requests for fare increases.

"I sometimes get up to make a talk before an industry group and tell them about the only thing I really do is give a weather report," he says. "They laugh and don't believe it, but that's just about what I do."

But in the decisive manner of an engineer (which he is) and a corporate executive (which he was), Mr. Browne makes it clear he doesn't feel the CAB has been unsympathetic to the airlines' financial plight.

"I think the Board has been responsive and permitted all lawful increases," he says about fare hikes. "But pending completion of the domestic passenger fare investigation, the Board simply doesn't have the basis on which to grant generalized fare increases."

This first major study of domestic air passenger fares in a decade is due to be completed next month. The mammoth survey, nearly two years in the making, will provide the yardsticks—rate of return on investment, load factor, depreciation, deferred taxes, etc.—which the CAB will use in making its determination on any general fare increase.

The airlines' troubles have focused much attention on the CAB and its chairman—who, though he's a candid person, won't comment on a proposal to the White House that the CAB and two other agencies which regulate transportation be lumped together.

To "survive" in his kind of job, he says, "you have to come to Washington with a set purpose and goals and stick with them. And with the full knowledge that yours is a temporary job."

Mr. Browne's name was certainly no household word when he was sworn in as chairman of the CAB on Oct. 8, 1969, just as the general economy was starting to slide.

He had joined the Nixon Administration seven months earlier as Assistant Secretary of Transportation for Research and Technology, leaving a phase of his career in which he must have had difficulty keeping track of which hat he was wearing at any given moment.

Simultaneously, he was an associate professor of air transport at Massachusetts Institute of Technology; vice president of Bolt, Beranek and Newman, Inc., a research and development firm in Cambridge, Mass.; and president of Browne and Shaw Co., Inc., a Waltham, Mass., mechanical engineering firm.

He was delighted when President Nixon asked him to take the CAB post because, he says, he felt he had something special to bring to the job.

"I think I was the first chairman to really know something about this business," he says.

A good part of his qualifications, he feels, is his foreign and domestic background in air transport systems technology. He negotiated license agreements for American manufacturers in Western Europe and Japan and was one of the principal negotiators of the agreement to establish air service between New York and Moscow.

A language expert, he considers himself fluent in four foreign tongues "because I can negotiate a contract in these."

"My Army record said I knew French, so I got into a Free French air squadron in World War II as a liaison man," he says. "It was really school French, but I soon became an expert. I became fluent in Italian because after we moved to Italy, I suddenly wasn't a big man anymore; you know, the guy who could talk the language. So I got a tutor.

"After the war, I looked at the map and decided Russia was going to have a big impact on the business world and decided I should learn Russian. (He did, well enough to later tutor Astronaut Buzz Aldrin in it.) The same thing applies to my learning Japanese."

An "aviation nut"

Not a flier personally, Mr. Browne confesses to being an "aviation nut." He has a huge model airplane collection, some of which is prominently displayed in his office.

His interest in engineering stems from a childhood fascination with "all things that are nuts and bolts."

His first job after college just before World War II was in air-conditioning engineering in the Middle West.

"Among the few businesses interested in air-conditioning at that time," he says with a laugh, "were mortuaries." One of his hobbies is playing the organ, he says, and "I've spent many a night playing in a mortuary while I tested out a new system."

He doesn't play the organ much these days, because he simply doesn't have the time. (When he can, he likes to sail and ski, but not golf. "I never did like golf much, so now when anybody wants me to play, I walk around with them, but I don't play. That way they don't get their game messed up with a terrible player and I enjoy it, too—the walking.")

Mr. Browne is not one to take a

bulging briefcase home with him at night.

"Lord, by the time I get home," he says, "I'm tired. And I don't write notes to myself and stick them in my pocket to remind myself to do something the next day. What would I do with all that paper? The curse of government is paper, and I'm not going to spawn any more paper than I have to.

"But I do take the broadest view of my responsibilities."

This view has led him to insist on personal knowledge of matters in the purview of other government agencies, such as plans to train sky marshals to prevent hijackings.

Recently, he flew to Britain to discuss with officials there the collapse of Rolls-Royce, Ltd., the contractor for jet engines for ailing Lockheed Aircraft's air bus.

"If it involves the public and the air industry, I think it's my business to know what's going on," Mr. Browne says. "I guess you could say my ticket to Britain is that the CAB is responsible for the commercial U. S. air carriers, and at this point they have $190 million on the line with Lockheed and $15 million on the line with Rolls-Royce."

His broad view also has led him to open up a broader avenue for the consumer within the CAB by appointing an advisory committee on passenger well-being.

Why did he do it?

"Well, the agency has always done pretty well with the poisoned squirrel complaint," he says. "You know, the guy who writes in and says, 'Hey, I think I got some bad food on that airplane I was on.' We've also done pretty well with the guy who loses a suitcase. We send these on to the individual airlines for attention.

"But what about lost baggage as a whole? We want to get some feel of how many suitcases are being lost and what the public response is to that kind of thing.

"And what is the public response to discount fares, for instance? We don't really know, except in response to how many seats are sold, whether the public thinks different classes of service are a good idea, whether they prefer all one class, or three classes."

He has appointed a financial advisory committee and a labor advisory committee.

His mild manner and heavy-framed glasses tend to mislead people into thinking that Mr. Browne is akin to the college professor often portrayed in the movies: always slightly confused.

That's a misconception. He's a man with facts and figures at his fingertips.

The CAB side

He is keenly aware that the CAB has been roundly criticized and has his own countering views.

On the matter of too much capacity and too much competition, he says:

"In the mid-1960s, the growth rate

appeared to justify that kind of capacity; it was a 15 to 20 per cent growth rate. The air carriers asked the Board for the right to operate and the Board granted it.

"Now a lot of other people's crystal balls were a little hazy in those years, too. In other words, we have excess capacity in a lot of industries. As for the airlines, with the softening of the market, and the resulting crunch, the carriers have been badly hurt.

"There is some confusion between capacity and competition. Because carriers have the right to operate between two points does not mean they must murder each other by overscheduling or by excessive scheduling.

"The Board does not control capacity in the sense of the size or the type of airplanes flown, nor does it control the number of times they fly or when they fly, except if communities complain there isn't adequacy of service. Therefore, if carriers drown each other in offering it, this is not exactly the Board's fault.

"The two things that really bite the carriers, and the root of this whole economic plight of airlines to which the Board is most responsive, are the general economy and the spiraling costs, primarily labor. The airline industry is highly labor-intensive, with a very perishable product."

The CAB chairman has publicly encouraged airlines to continuously examine their flight schedules and routes.

Any decision by the CAB can be challenged in court. Some have. At the same time, it is one agency that has authority to give antitrust exemptions.

"We give hundreds of these every year," says Mr. Browne. "If two airlines want to use the same battery truck, or if they want to use the same ticket counter, technically they have to get the Board's permission and gain exemption."

To do this, though, the air carriers have to follow prescribed procedures. "They can't just get together and decide to do something and come to the Board after the fact," Mr. Browne says. "They can't talk about it first and then come to us. They have to come to us first and say they want to discuss it."

As a regulator, Mr. Browne is aware of criticism that there is too much government regulation of business.

"But I don't believe the airline industry considers itself excessively regulated," he says. "These are mature, sophisticated management people. They, in my shoes, might find it difficult to behave otherwise and I, in their shoes, might find it difficult to say or behave otherwise."

What he wants to do as CAB chairman is to see the financial health of the carriers restored and the public served in the most efficient, economical way.

Then will he please everybody?

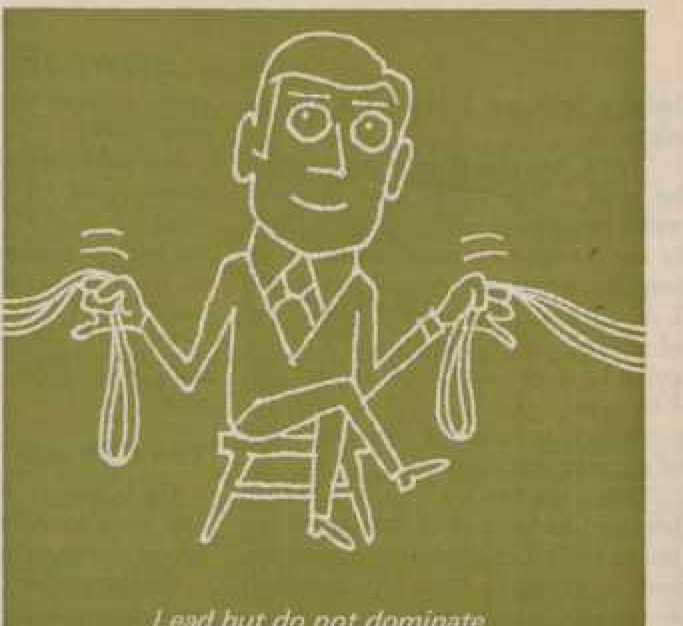
"Of course not."

Anybody?

"Probably not, except myself, maybe." END

How to Meet With Success

Are your management conferences a waste of time? Here are some tips on making them more meaningful



Lead but do not dominate

How many times have you heard, or participated in, a conversation like this?

"Are you supposed to go to that meeting this afternoon on new products, Joe?"

"Yup, and I can't figure out any way to get out of it. What time is it supposed to start, Ed?"

"The notice I received said it's scheduled to begin at 1 p.m. sharp."

"Yeah, and end at 3:30. Dull."

Perhaps no corporate activity is blamed for wasting more time than the conference. The unplanned, unorganized, bickering conference also results in frustration, antagonism and confusion.

It's a pity.

The conference can and should produce profit-making decisions, develop personnel, and establish worthwhile goals and a climate that promotes the will to work together.

All that is required is a philosophy for conferences—and attention to a three-step system.

If top personnel in the firm really believe in participative management, they must give the conference the dignity and recognition it deserves.

Furthermore, a basic fact must be accepted and become a part of management philosophy:

The group meeting or conference, where plans are made, objectives established and decisions reached, is an integral part of the company's management procedures and decision-making process. Decisions reached at such meetings will be put into practice as soon as is reasonably possible.

Once the philosophy is established, following the three-step plan almost becomes a matter of mechanics.

Step 1: The preconference period

The preconference period requires a brief discussion among key personnel which establishes the need for the conference. A clear statement of the topic for discussion must be agreed upon and set down on paper.

Then there must be a decision on what type of conference will best serve the immediate situation:

- Informational—Where data and information are disseminated.
- Problem-solving—Where input from concerned personnel is vital in arriving at solutions.
- Training—Where specific skills or ideas are conveyed.
- Brainstorming—Where almost anything goes, so long as the communication falls within the broad parameters of exploring the topic or solving the problem under discussion.

A conference often flies or falls depending on the conference leader. The best leader is one who acts as a catalyst, a moderator or an arbitrator. And the leader who talks least and stimulates most is the one who usually does a fine job.

The highest ranking member of the group should not always act as leader. Too often, neither he nor the other participants can forget he's the boss.

It is imperative that the announcement and agenda be sent out approximately seven to 10 days prior to the meeting.

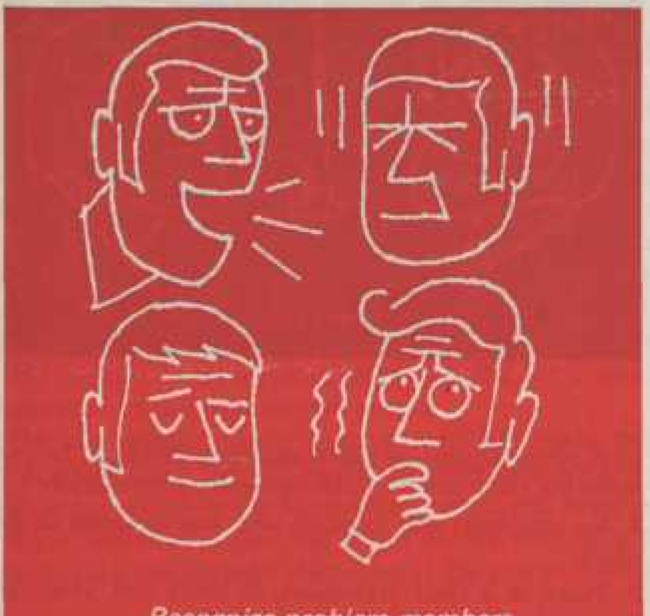
There are distinct advantages:

1. Participants—who wish to do so—may prepare for the conference. No one can announce at the meeting: "Holy smoke, if I knew we were going to discuss this aspect, I could have brought tons of statistics!"

2. Digressions are easily and tactfully curbed by the conference leader: "That's a good point, Merkle, but I think we will defer it until later. At the moment, we are trying to tie up Point No. 2 on the agenda sheet."

NORMAN B. SIGBAND, *author of this article, is chairman of the Department of Marketing and Business Communications, Graduate School of Business Administration, University of Southern California. He has written "Communication for Management" and other books.*

Top man should not lead discussion



Recognize problem members

DRAWINGS BY CHARLES A. DUNN

3. All participants know who has been invited, and can plan, if necessary, proper strategy.

Making arrangements for the meeting's mechanical aspects may seem obvious. Yet breakdowns in this area have ruined countless meetings.

It probably is wise to run down a check list:

✓Has the room been reserved?

✓Are there enough chairs?

✓Is a podium needed?

✓Do we have the audio-visual aids we need—projectors, mikes, flip charts, tape recorders?

✓How about handout materials? Are there enough copies? Are they clear?

✓Should we serve coffee or sandwiches? Have they been ordered?

✓What about paper, pencils, ash trays, name cards?

Step 2: The conference period

If the conference is to go well, it is vital that the leader set the right climate.

He must know his people and watch his time.

He must be careful not to march down the list from the first point to the last, pushing discussion here, cutting off comments there.

Rather he must stimulate discussion so that his topics are covered, and the participants feel they have made significant contributions.

Someone should take notes. This may be a participant who is respected by the group and is impartial. If a secretary takes notes, this may inhibit discussion since anything the participants say today may be well known in the typing pool tomorrow.

The most important point for the leader to keep in mind is: "Don't dominate the meeting." The less he talks and the more the participants contribute, the more successful he will be in attaining meeting objectives.

The leader should prepare a few good questions for each topic on the agenda. If discussion slackens, he can throw a question to the group. Sometimes he can feed one to someone who has much to contribute but for some reason prefers to play the role of Silent Sam at meetings. At the appropriate moment, the leader should also step in to summarize discussion on a topic and then move the group on to the next point.

If he doesn't, Nonstop Norbert will "talk a topic to death."

There are always a few at any meeting who cause problems. You probably will recognize Nonstop Norbert, Contrary Carl, Silent Sam, Fumbling Frank.

Norbert's harmless—but he loves the sound of his voice. You can usually stop him with a tactful com-

How to Meet With Success *continued*

ment like: "Let's get back to the topic now, but we'll pursue that excellent point later."

Carl's a compulsive nay-sayer. Don't argue with him. Instead, ask others to comment on Carl's views.

Frank's inarticulate, and Sam's shy. Both may have something worthwhile to contribute. Try to draw them out—if they seem to have something to say. Then rephrase it and feed it back. There are others who may make a meeting stumble, too. But usually, courtesy, tact, patience and restraint will keep a discussion on track—and make it a success.


Wrong way


Right way

Everyone who leaves a meeting should feel something has been accomplished. That feeling often can be insured if the last 10 minutes are handled properly. It's then that the discussions should be summarized and key issues should be brought into focus.

If adequate time has been given to the topics listed and if they are the type that calls for a decision, a vote should be taken. The leader should let the request for a vote come from the group.

Obviously, everyone can't be satisfied. But most people do like to see situations brought to a conclusion and decisions made.

Step 3: The postconference period

The problem has been defined, the meeting planned, the session held and the curtain rung down. But the conference is not over.

Its basic purpose was to hammer together another link in the chain of successful management. And it's in the postconference period that a new link is fashioned.

Those who called the meeting should sit together and determine what the session accomplished, how the results or findings fit into over-all company objectives and what the next logical step should be.

At the same time, a recapitulation of the meeting should be sent to each participant. This should cover topics discussed, votes taken, assessments made and decisions reached.

The advantages are obvious:

1. Everyone receives an identical summary of what took place. If anyone heard anything different, he can make his views known to the secretary immediately.

2. No confusion will exist on who was assigned to do what.

3. There is a clear statement, in black and white, of the decisions reached and votes taken.

4. The minutes become a matter of record. They can be referred to by those who were absent, and they can be reviewed by those who were present.

This postconference period helps tie the package together and completes the job that was begun when someone said: "Well we ought to get some additional input on this, kick it around and then decide which way to go."

The conference decides which way to go—by common agreement. If it's well run, it is an outstanding management vehicle. Use it. **END**

REPRINTS *of "How to Meet With Success" may be obtained from Nation's Business, 1615 H St. N. W., Washington, D.C. 20006. Price: 1 to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.*

Official Tax Calendar for May Through December

Prepared by the U. S. Internal Revenue Service

This is the third and final *Nation's Business* installment of the official Internal Revenue Service Tax Calendar for 1971. Previous installments in the January and February issues covered important tax dates through April 30. The tax calendar for the balance of the year appears in this issue.

Actions indicated should be taken on or before the dates listed. Saturdays, Sundays and legal holidays, but not local banking holidays, have been taken into account. Deposits of income tax withheld, Social Security taxes and excise taxes must be made with an authorized commercial bank or a Federal Reserve bank.

Under new regulations, employers having $2,000 or more of income withholding and Social Security taxes due at the end of a quarter-monthly period will be considered to have met deposit requirements if at least 90 per cent of actual tax liability for a deposit period is deposited.

Underpayments for a deposit period during the first or second month of a quarter will be due with the first deposit after the fifteenth day of the next month. An underpayment during the third month of a quarter can be made up by the end of the month following the end of the quarter. Overpayments of tax liability for a deposit period will be credited to the next deposit period.

The rule which gives a taxpayer who has made required deposits on a timely basis an additional 10 days beyond the regular return date within which to file his quarterly return has been retained.

If you file your income tax return on the basis of a fiscal year, you should make the changes described at the end of this calendar.

MAY

May 3

EXCISE TAXES due on sugar and foreign insurance policies for the first 15 days of April must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended March 31.

EMPLOYERS must discontinue use of additional withholding allowances for each employee who has not filed a new Schedule A (Form W-4) together with a completed Form W-4 qualifying him to extend the allowances for another year.

May 5

EXCISE TAXES collected during the last 15 days of April must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended March 31, 1971. Use Form 504.

May 7

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes reaches $2,000 for the quarter must deposit such cumulative amount within three banking days.

May 10

EXTENDED DATE for quarterly returns.

EMPLOYEES receiving cash tips in April of $20 or more must report them to their employer. Form 4070 may be used.

EXCISE TAXES for the last 15 days of April on articles reportable on Form 720 (other than air transportation and communications) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended March 31, 1971. Use Form 504.

May 15

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes reaches $2,000 for the quarter must deposit such cumulative amount within three banking days.

May 17

EMPLOYERS with over $200 but less than $2,000 cumulative undeposited liability for April for income tax withholding and Social Security taxes: April deposit due on or before this date.

May 19

EXCISE TAXES collected during the first 15 days of May must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended March 31, 1971. Use Form 504.

May 22

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes reaches $2,000 for the quarter must deposit such cumulative amount within three banking days.

May 24

EXCISE TAXES for the first 15 days of May on articles reportable on Form 720 (other than air transportation and communications) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended March 31, 1971. Use Form 504.

May 31

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes reaches $2,000 for the quarter by this date must deposit such cumulative amount within the next three banking days.

JUNE

June 1

SUPPLIERS of communication or air transportation service file quarterly excise tax return for first quarter of 1971 and pay tax. Use Form 720. If the quarterly excise tax liability as shown on Form 720 (reduced by any monthly or semimonthly deposits for the quarter) is more than $100, the unpaid balance must be deposited with a depositary. Use Form 504.

MANUFACTURERS, RETAILERS and others liable for more than $100 of excise taxes for April, who were not required to make semimonthly

Official Tax Calendar *continued*

deposits, must deposit such taxes with a depositary. Use Form 504.

June 3

EXCISE TAXES collected during the last 16 days of May must be deposited by persons providing communications or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended March 31, 1971. Use Form 504.

June 7

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes reaches $2,000 for the quarter by this date must deposit such cumulative amount within the next three banking days.

June 9

EXCISE TAXES for the last 16 days of May on articles reportable on Form 720 (other than air transportation and communications) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended March 31, 1971. Use Form 504.

June 10

EMPLOYEES receiving cash tips in May of $20 or more must report them to their employer. Form 4070 may be used.

June 15

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes reaches $2,000 for the quarter by this date must deposit such cumulative amount within the next three banking days.

EMPLOYERS with over $200 but less than $2,000 cumulative liability for May for income tax withholding and Social Security taxes: May deposit due on or before this date, if no deposit was made with respect to a quarter-monthly period during May.

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes for the quarter was over $200 by May 31 must deposit such cumulative amount by this date.

June 18

EXCISE TAXES collected during the first 15 days of June must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended March 31, 1971. Use Form 504.

June 22

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes reaches $2,000 for the quarter by this date must deposit such cumulative amount within the next three banking days.

June 24

EXCISE TAXES for the first 15 days of June on articles reportable on Form 720 (other than air transportation, communications, sugar and foreign insurance policies) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended March 31, 1971. Use Form 504.

June 30

MANUFACTURERS, RETAILERS and others liable for more than $100 of excise taxes for May, who were not required to make semimonthly deposits, must deposit such taxes with a depositary.

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes reaches $2,000 for the quarter by this date must deposit such cumulative amount within the next three banking days.

JULY

July 1

PERSONS MANUFACTURING, maintaining for use or dealing in or with the businesses or products listed below, if they are currently registered, must, on or before this date, register and pay for occupational tax stamps for the new fiscal year ending June 30, 1972. Persons who will engage in business for the first time must register and pay for occupational tax stamps before commencing business in connection with any of the following:

Gaming devices	Use Form 11-B
Wagering	Use Form 11-C
Brewing beer	Use Form 11
Rectifying distilled spirits or wine	Use Form 11
Selling distilled spirits, beer or wine	Use Form 11
Manufacturing stills or condensers for distilling spirits	Use Form 11
Firearms	Use Form 11

EXCISE TAXES due on sugar and foreign insurance policies for the first 15 days of June must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended March 31, 1971. Use Form 504.

July 6

EXCISE TAXES collected during the last 15 days of June must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended March 31, 1971. Use Form 504.

July 7

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes reaches $2,000 for the quarter by this date must deposit such cumulative amount within the next three banking days.

July 9

EXCISE TAXES for the last 15 days of June on articles reportable on Form 720 (other than air transportation and communications) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended March 31, 1971. Use Form 504.

July 12

EMPLOYEES receiving cash tips in June of $20 or more must report them to their employer. Form 4070 may be used.

July 15

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes reaches $2,000 for the quarter by this date must deposit such cumulative amount within the next three banking days.

July 20

EXCISE TAXES collected during the first 15 days of July must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 during the quarter ended June 30, 1971. Use Form 504.

July 22

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes reaches $2,000 for the quarter by this date must deposit such cumulative amount within the next three banking days.

July 26

EXCISE TAXES for the first 15 days of July on articles reportable on Form 720 (other than air transportation and communications) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended June 30, 1971. Use Form 504.

July 31

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes reaches $2,000 for the quarter by this date must deposit such cumulative amount within the next three banking days.

AUGUST

Aug. 2

EMPLOYERS with over $200 but less than $2,000 cumulative undeposited liability for June for income tax withholding and Social Security taxes: June deposit due on or before this date.

EMPLOYERS with $200 or more liability for the second quarter for income tax withholding and Social Security taxes: file quarterly return and remit June liability.

EMPLOYERS whose cumulative liability for income tax withholding and Social Security taxes for the second quarter did not reach $200 until June: total liability due on or before this date.

EMPLOYERS with less than $200 liability for the second quarter for income tax withholding and Social Security taxes: total liability and return for second quarter due on or before this date.

BUSINESSES DEALING IN or maintaining for use adulterated and process or renovated butter or filled cheese must register and pay occupational tax stamps. Use Form 11.

EMPLOYERS of four or more individuals on at least one day in each of 20 or more weeks in 1970 or 1971 must deposit at least two thirds of their federal unemployment tax liability for the second quarter with a depositary. No deposit is necessary if two thirds of the liability for the current quarter plus any unpaid amounts for prior quarters in the calendar year does not exceed $100. Use Form 508.

MANUFACTURERS, RETAILERS and others liable for excise taxes file quarterly return for the second quarter and pay the tax. Use Form 720. If cumulative undeposited amount for the second quarter exceeded $100 on June 30, such amount must be deposited on or before this date. Amounts of $100 or less may be deposited or paid with return. Persons providing communication or air transportation service, see Aug. 31.

Aug. 4

EXCISE TAXES collected during the last 16 days

YOUR MAINTENANCE MEN

CAN RESURFACE PLANT ROOFS WITH LOW COST SPRAY PROCESS

$1,310.00 ROOF SPRAY KIT LOANED FREE OF CHARGE

Use your own maintenance men and the Ranco Roof Spray System to economically maintain your plant roofs, thus eliminating roofing contractors and their premium priced labor. Three of your own plant laborers can expertly restore up to 35,000 sq. ft. in one day. This fast, efficient, labor-saving process has reduced roofing costs to less than four cents per sq. ft. A Ranco Roofing Engineer provides on-the-job instructions for use of the equipment and follows the progress of your job. The technical know-how is engineered into the Roof Spray Equipment. Our plastic waterproof sealant is sprayed from drums on the ground to a uniform thickness on the roof. You just patch the breaks and other trouble spots in your roof and spray-coat. . . that's all. You are assured of quality results-with the Ranco Roof Spray System. Request a Ranco Roofing Engineer to inspect your plant's roofs, at no obligation to you. Also, ask to view our 3-minute color movie, entitled "Spray Process Saves Old Roofs".

FREE 2-GALLON SAMPLE

Bolt Anchor Sulfaset expands as it sets to lock bolts securely in concrete without shrinkage. Just mix with water and pour. Use in 1 hour.

FREE 2-GALLON SAMPLE

Flo-Joint seals cracks in concrete and blacktop. Sets tack-free in 1 hour; will not pick up on truck wheels or shoes, even in hot weather.

FREE 2-GALLON SAMPLE

Fleet Patch can be trucked over in 45 minutes after application. It sets hard and smooth; sustains heavy hand or power trucking at any thickness to a featheredge. Fleet Patch resists shock and abrasion.

FREE 2-GALLON SAMPLE

Frigid Patch fills chuck holes in concrete and blacktop in any weather. Requires no mixing or drying time. Use immediately.

FREE 2-GALLON SAMPLE

Wet Surface Roof Repair Kits stop leaks in any weather, and prevent costly water damage to buildings, materials and equipment.

RANCO INDUSTRIAL PRODUCTS CORP.
13251 Union Ave./Cleveland, O. 44120

PLEASE SEND THE FOLLOWING FREE SAMPLES:

- ☐ Bolt Anchor
- ☐ Flo-Joint
- ☐ Fleet Patch
- ☐ Wet Surface Repair Kit
- ☐ Frigid Patch
- ☐ 48-Page Ranco Roofing and Maintenance Catalog.
- ☐ Please show us your 3-Min. Color Roofing Movie
- ☐ Send Ranco Engineer to inspect our plant roofs.

NAME __________

TITLE __________

COMPANY __________

ADDRESS __________

CITY ______ STATE ______ ZIP ______

"Absenteeism? No Problem Here"

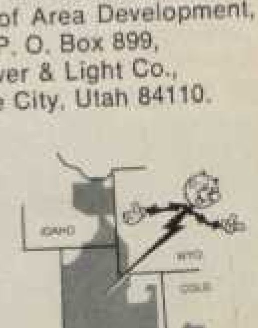
"Nearly every year our Salt Lake City plant has less absenteeism than any of Western Electric's other 80 major units — and without any great promotional effort. Coming new into this area, I have found it's just the nature of the people that live here. You get much more output for your labor dollar.

"And you just can't believe the great cultural and recreational advantages. The Utah Symphony Orchestra is rated as one of America's 12 best. There are outstanding theater and ballet and first rate collegiate football and basketball, plus great professional sports.

"It takes only minutes here to get where the action is — no big city traffic snarls. Almost at your back door are great deer and duck hunting, lake and stream fishing and skiing. Our family loves it here."

D. R. Lueck, Manager
Utah, Idaho, Montana Area
Western Electric Company

Shouldn't *you* take a closer look?
Write for 28-page brochure
Treasure Chest in the Growing West:
Wayne F. Mulcock,
Director of Area Development,
Dept. F, P. O. Box 899,
Utah Power & Light Co.,
Salt Lake City, Utah 84110.



Utah Power & Light Co.

of July must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended June 30, 1971. Use Form 504.

Aug. 7

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes reaches $2,000 for the quarter by this date must deposit such cumulative amount within the next three banking days.

Aug. 9

EXCISE TAXES for the last 16 days of July on articles reportable on Form 720 (other than air transportation and communications) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended June 30, 1971. Use Form 504.

Aug. 10

EXTENDED DATE for quarterly returns.

EMPLOYEES who received cash tips in July of $20 or more must report them to their employer. Form 4070 may be used.

Aug. 15

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes reaches $2,000 for the quarter by this date must deposit such cumulative amount within the next three banking days.

Aug. 16

EMPLOYERS with cumulative undeposited liability over $200 but less than $2,000 for July for income tax withholding and Social Security taxes: July deposit due on or before this date.

Aug. 18

EXCISE TAXES collected during the first 15 days of August must be provided by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended June 30, 1971. Use Form 504.

Aug. 22

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes reaches $2,000 for the quarter by this date must deposit such cumulative amount within the next three banking days.

Aug. 24

EXCISE TAXES for the first 15 days of August on articles reportable on Form 720 (other than air transportation, communications, sugar and foreign insurance policies) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended June 30, 1971. Use Form 504.

Aug. 31

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes reaches $2,000 for the quarter by this date must deposit such cumulative amount within the next three banking days.

SUPPLIERS of communication or air transportation service: file quarterly excise tax return for second quarter of 1971 and pay tax. Use Form 720. If the quarterly excise tax liability as shown on Form 720 (reduced by any monthly or semimonthly deposits for the quarter) is more than $100, the unpaid balance must be deposited with a depositary. Use Form 504.

OWNERS OR OPERATORS of highway vehicles must pay the federal use tax on motor vehicles used on the public highways for the fiscal year ending June 30, 1972. Use Form 2290.

OWNERS OR USERS of civil aircraft must pay the federal use tax on civil aircraft used in the navigable airspace of the United States for the fiscal year ending June 30, 1972. Use Form 4638.

MANUFACTURERS, RETAILERS and others liable for more than $100 of excise taxes for July, who were not required to make semimonthly deposits, must deposit such taxes with a depositary. Use Form 504.

SEPTEMBER

Sept. 1

EXCISE TAXES due on sugar and foreign insurance policies for the first 15 days of August must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended June 30, 1971. Use Form 504.

Sept. 3

EXCISE TAXES collected during the last 16 days of August must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended June 30, 1971. Use Form 504.

Sept. 7

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes reaches $2,000 for the quarter by this date must deposit such cumulative amount within the next three banking days.

Sept. 9

EXCISE TAXES for the last 16 days of August on articles reportable on Form 720 (other than air transportation and communications) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended June 30, 1971. Use Form 504.

Sept. 10

EMPLOYEES receiving cash tips in August of $20 or more must report them to their employer. Form 4070 may be used.

Sept. 15

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes reaches $2,000 for the quarter by this date must deposit such cumulative amount within the next three banking days.

INDIVIDUALS must pay third installment of 1971 estimated income tax.

CORPORATIONS must pay to a depositary the third installment of 25 per cent of 1971 estimated income tax. Use Form 503.

EMPLOYERS with cumulative undeposited liability over $200 but less than $2,000 for

Official Tax Calendar *continued*

August for income tax withholding and Social Security taxes: August deposit due on or before this date if no quarter-monthly deposit for August was made.

EMPLOYERS with cumulative undeposited liability over $200 for the quarter by Aug. 31 for income tax withholding and Social Security taxes: deposit cumulative liability by this date if no quarter-monthly deposit for August was made.

Sept. 20

EXCISE TAXES collected during the first 15 days of September must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended June 30, 1971.

Sept. 22

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes reaches $2,000 for the quarter by this date must deposit such cumulative amount within the next three banking days.

Sept. 24

EXCISE TAXES for the first 15 days of September on articles reportable on Form 720 (other than air transportation, communications, sugar and foreign insurance policies) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended June 30, 1971.

Sept. 30

MANUFACTURERS, RETAILERS and others liable for more than $100 of excise taxes, who were not required to make semimonthly deposits, must deposit such taxes with a depositary. Use Form 504.

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes reaches $2,000 for the quarter by this date must deposit such cumulative amount within the next three banking days.

OCTOBER

Oct. 1

EXCISE TAXES due on sugar and foreign insurance policies for the first 15 days of September must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended June 30, 1971. Use Form 504.

Oct. 5

EXCISE TAXES collected during the last 15 days of September must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended June 30, 1971. Use Form 504.

Oct. 7

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes reaches $2,000 for the quarter by this date must deposit such cumulative amount within the next three banking days.

Oct. 9

EXCISE TAXES for the last 15 days of September on articles reportable on Form 720 (other than air transportation and communications) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended June 30, 1971.

Oct. 12

EMPLOYEES receiving cash tips in September of $20 or more must report them to their employer. Form 4070 may be used.

Oct. 15

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes reaches $2,000 for the quarter by this date must deposit such cumulative amount within the next three banking days.

Oct. 20

EXCISE TAXES collected during the first 15 days of October must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended Sept. 30, 1971. Use Form 504.

Oct. 22

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Secu rity taxes reaches $2,000 for the quarter by this date must deposit such cumulative amount within the next three banking days.

Oct. 25

EXCISE TAXES for the first 15 days of October on articles reportable on Form 720 (other than air transportation and communication) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended Sept. 30, 1971. Use Form 504.

Oct. 31

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes reaches $2,000 for the quarter by this date must deposit such cumulative amount within the next three banking days.

NOVEMBER

EMPLOYERS should request the filing of a new Form W-4 by each employee whose withholding exemptions will be different in 1972 from the exemptions claimed on the last certificate.

Nov. 1

EMPLOYERS with cumulative undeposited liability over $200 but less than $2,000 for September for income tax withholding and Social Security taxes: September deposit due by this date.

EMPLOYERS with over $200 cumulative liability undeposited for income tax withholding and Social Security taxes for the third quarter: September deposit and quarterly return due on or before this date.

EMPLOYERS with less than $200 cumulative undeposited liability for income tax withholding and Social Security taxes for the third quarter, remit total liability for the quarter with quarterly return due on or before this date.

MANUFACTURERS, RETAILERS and others liable for excise taxes file quarterly excise tax return for the third quarter and pay the tax. Use Form 720. If the quarterly excise tax liability as shown on Form 720 (reduced by any monthly or semimonthly deposits for the quarter) is more than $100, the unpaid balance must be deposited with a depositary. Use Form 504. Persons providing communication or air transportation service see Nov. 30.

EMPLOYERS of four or more individuals on at least one day in each of 20 or more weeks in 1970 and 1971 must deposit at least two thirds of their federal unemployment tax liability for the third quarter with a depositary. No deposit is necessary if two thirds of the liability for the current quarter plus any unpaid amounts for prior quarters in the calendar year does not exceed $100. Use Form 508.

Nov. 7

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes reached $2,000 for the quarter by this date must deposit such cumulative amount within the next three banking days.

Nov. 9

EXCISE TAXES for the last 16 days of October on articles reportable on Form 720 (other than air transportation and communication) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended Sept. 30, 1971.

Nov. 10

EXTENDED DATE for quarterly returns.

EMPLOYEES receiving cash tips in October of $20 or more must report them to their employer. Form 4070 may be used.

Nov. 15

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes reaches $2,000 for the quarter by this date must deposit such cumulative amount within the next three banking days.

EMPLOYERS whose cumulative liability for income withholding and Social Security taxes for October was over $200 but less than $2,000: October deposit due on or before this date.

Nov. 22

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes reaches $2,000 for the quarter by this date must deposit such cumulative amount within the next three banking days.

Nov. 24

EXCISE TAXES for the first 15 days of November on articles reportable on Form 720 (other than air transportation and communication) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended Sept. 30, 1971.

Nov. 30

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes reaches $2,000 for the quarter by this date must deposit such cumulative amount within the next three banking days.

SUPPLIERS OF COMMUNICATION OR AIR TRANSPORTATION service file quarterly excise tax return for third quarter of 1971 and pay tax. Use Form 720. If the quarterly excise tax as shown on Form 720 (reduced by any monthly or semimonthly de-

posits for the quarter) is more than $100, the unpaid balance must be deposited with a depositary. Use Form 504.

MANUFACTURERS, RETAILERS and others liable for more than $100 of excise taxes for October, who were not required to make semimonthly deposits, must deposit such taxes with a depositary. Use Form 504.

DECEMBER

A CORPORATION which meets certain requirements may elect, at any time during the month, not to be taxed as a corporation for the year 1972. Use Form 2553.

Dec. 1

EXCISE TAXES due on sugar and foreign insurance policies for the first 15 days of November must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended Sept. 30, 1971.

Dec. 7

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes for the quarter reaches $2,000 by this date must deposit such cumulative liability within three banking days.

Dec. 9

EXCISE TAXES for the last 15 days of November on articles reportable on Form 720 (other than air transportation and communication) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended Sept. 30, 1971.

Dec. 10

EMPLOYEES receiving cash tips in November of $20 or more must report them to their employer. Form 4070 may be used.

Dec. 15

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes reaches $2,000 for the quarter by this date must deposit such cumulative liability within three banking days.

EMPLOYERS with cumulative undeposited liability for income tax withholding and Social Security taxes of over $200 but less than $2,000 for November must deposit such cumulative liability by this date.

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes for the first two months of the quarter is over $200 must deposit cumulative amount on or before this date.

CORPORATIONS must pay to a depositary the fourth installment of 25 per cent of 1971 estimated income tax. Use Form 503.

Dec. 22

EMPLOYERS whose cumulative undeposited liability for income tax withholding and Social Security taxes reaches $2,000 for the quarter must deposit such cumulative liability within three banking days.

Dec. 24

EXCISE TAXES for the first 15 days of December on articles reportable on Form 720 (other than air transportation and communication services) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month in the quarter ended Sept. 30, 1971. Use Form 504.

Dec. 31

MANUFACTURERS, RETAILERS and others liable for more than $100 of excise taxes for November who were not required to make semimonthly deposits must deposit such taxes with a depositary. Use Form 504.

EMPLOYERS whose cumulative liability for income tax withholding and Social Security taxes reaches $2,000 for the quarter by this date must deposit such cumulative liability within three banking days.

FISCAL YEAR TAXPAYERS

THE DUE DATES in the above Tax Calendar apply to all taxpayers whether they use a calendar or fiscal year except for the following items:

INDIVIDUALS—If you use a fiscal year, change the dates above for your income tax return and declaration of estimated income tax to the dates corresponding to the following:

FORM 1040 is due on or before the fifteenth day of the fourth month following the close of your tax year.

FORM 1040ES for your current tax year is due on or before the fifteenth day of the fourth month following the close of your last tax year. Payment of the estimated tax is to be made in four equal installments due on or before the fifteenth day of the fourth, sixth and ninth months of your current tax year and of the first month of your next succeeding tax year.

PARTNERSHIPS—If you use a fiscal year, change the due date of your return of income (Form 1065) to the fifteenth day of the fourth month following the close of your tax year.

CORPORATIONS—If you use a fiscal year, change the dates above for your income tax return and declaration of estimated income tax to the dates corresponding to the following:

FORM 1120 (or FORM 7004) is due on or before the fifteenth day of the third month following the close of your tax year. Payments of income tax must be deposited with a federal depositary.

FORM 503, ESTIMATED TAX PAYMENTS for the current tax year is due on or before the fifteenth day of the fourth, sixth, ninth, or twelfth month of your current tax year, depending on when you first meet the requirements for filing. Payments of estimated taxes must be deposited with a federal depositary.

A CORPORATION ELECTING NOT TO BE TAXED AS A CORPORATION must make election within the month before its tax year begins or within the month in which its tax year begins.

FORM 1120S is due on or before the fifteenth day of the third month following the close of the corporation's tax year.

DUE DATE ON SATURDAY, SUNDAY OR HOLIDAY—If the due date for filing a return or making a tax payment, etc., falls on a Saturday, Sunday or legal holiday, you may perform the act on the next succeeding day which is not a Saturday, Sunday or legal holiday.

END

Strike up the band

for the National Chamber's Annual Meeting—in Washington, April 25-27.

President Nixon heads the list of topmost government, business and professional leaders appearing in various roles and who will put into focus the economic and social problems confronting America today.

The National Chamber's Annual Meeting is truly a meaningful meeting. It attracts business and community leaders from all parts of the country, and from many different parts of the world.

There is no other event like it.

Plan to be a part of this stimulating group of men and women who leave this annual event inspired and deeply motivated to get things done about problems through voluntary action in communities all across the land.

FOR MORE INFORMATION

Use the coupon for more information about the National Chamber's Annual Meeting in Washington, April 25-27. Or check with your local or state chamber of commerce, or trade or professional association.

Chamber of Commerce of the United States
1615 H Street, N.W./Washington, D.C. 20006

☐ Please send me a copy of the Preliminary Program for the National Chamber's Annual Meeting, in Washington, April 25-27, 1971, showing the speakers and panel members, and the issues and problems to be discussed.

☐ Also—please send me hotel and ticket reservation forms.

Name Title

Firm or Organization

Street Address

City, State and Zip Code

BUSINESS: A LOOK AHEAD

BY GROVER HEIMAN
Associate Editor

AGRICULTURE

The easing of the money market is going to be a key factor in any growth in value of agricultural land in the months ahead.

Along with the tight money situation, Agriculture Department officials name market uncertainty in wheat and in feed grain as the main contributors to an unspectacular 3 per cent growth rate in 1970.

Few buyers were actively seeking farm acreage last year, the National Association of Real Estate Boards notes. It predicts this year will show an upswing, thanks to less uncertainty in the market for farm products and an expanding supply of credit.

The Agriculture Department says the average acre was valued at $195 in 1970, with prices ranging from $26 to $1,028. Total farm real estate was valued at $210.7 billion, with the value of farm buildings and improvements placed at $41 billion.

CONSTRUCTION

Time means money, and in periods of inflation delays in construction invariably mean skyrocketing costs. Now, officials are streamlining procedures to combat this problem for the government.

General Services Administrator Robert L. Kunzig is revamping his agency, the operator of most federal buildings, to hasten design and construction.

"There is no logic to a system that takes five years for the design and construction of a building that should be completed in two or three years," he recently told a gathering of architects and consulting engineers.

Already producing results, he claims, is adoption of phased construction techniques, which means starting construction before the design of a building is actually completed. GSA has coupled with this the use of project and construction managers to speed up and make more flexible the decision-making process.

HUMAN RESOURCES

More people and training programs are going to be needed to supply the demand for personnel to care for the aged. Here are requirements that John B. Martin, director of the 1971 White House Conference on Aging, sees for 1980:

• Some 44,000 administrators of nursing and personal care homes, nearly double the number in 1967.

• Between 32,000 and 43,000 managers for housing projects for the elderly, compared to fewer than 5,000 needed in 1969.

• And over 5,500 dietitians and upwards of 75,000 full-time recreational personnel. Plus large numbers of librarians, counselors, social workers, nurses and other personnel to provide specialized services.

Indicative of growing interest in the field, the National Labor Relations Board has asserted jurisdiction over old-age homes, contending that nonprofit status is irrelevant to the homes' effect on commerce.

MANUFACTURING

Another effort will be made this year to get legislation through Congress requiring pretesting of ingredients in cosmetics, and close what Rep. Paul Rogers (D.–Fla.) calls a "monumental loophole."

The Toilet Goods Association, which now conducts a voluntary control program, says further regulation is not needed for the $4.5-billion-annual-sales industry.

Self-policing produces fast action and better protection for the consumer, contends James H. Merritt, the Association's executive vice president.

Rep. Rogers, who will introduce a bill this session, states, "We have virtually no safeguards or checks on the manufacturers." He favors establishing a premarketing clearance on the base elements used in cosmetics in the form of a GRAS-type ("Generally Recognized as Safe") list.

FOREIGN TRADE

Along with the threat of a strike, the steel industry is anticipating foreign trade problems.

The European steel-buying boom has tapered off.

This is going to have a decided impact on capital investment decisions, says the Rev. William T. Hogan, Fordham University economist. He has predicted to the Steel Service Center Institute that U. S. exports in 1971 will drop below the estimated seven million tons shipped in 1970.

Father Hogan's forecast is based on a reduction in demand for semifinished steel, which accounted for about 45 per cent of exports last year, and the possibility that steel won't be available for export, anyway, because of hedge buying in the U. S. in anticipation of a strike.

While Europeans will be buying less, their steelmakers are expected to export more because of new excess capacity. The voluntary quota went up 5 per cent on Jan. 1 and all of the 15.5 million tons of steel authorized are expected to find their way to the U. S. market.

MARKETING

If dollar investment has any effect, the U. S. should stand a good chance of winning a few more medals in the 1972 Olympics. The source would be archery, which is being reinstated as a competition category after a hiatus stretching back to 1908.

This has prompted many schools to add archery to their physical education programs. Industry experts expect interest among students, and the growing popularity of bow and arrow hunting generally, to boost sales to $47 million this year.

About 70 per cent of sales, according to one survey, come from enthusiasts who stalk game without benefit of firearms. This back-to-the-primitive-days trend is also reflected in increasing sales of camping and back-packing equipment.

In 1968, retail sales of back-packing gear were recorded at $13.5 million. The figure rose to $16 million in 1969 and some $21 million in 1970. The industry sees an annual growth of 15 per cent over the next five years.

NATURAL RESOURCES

The platinum industry is on the brink of a potential boom. The cause would be adoption of the precious metal as a catalyst in the muffler systems being developed to curb air pollution from internal combustion engines.

Currently, Western World demand is estimated at 1.5 million troy ounces annually, including 516,000 ounces in the U. S. One muffler system would require about $6 worth of platinum, increasing demand by about 500,000 ounces. Still another would require four times more.

Platinum is also used in refining of lead-free gasoline. A Bureau of Mines official estimates a 7-10 per cent increase in demand from that source if the major refiners expand production.

Biggest benefactor of a boom would be South Africa, which reportedly has a reserve of 200 million troy ounces. The Rustenburg platinum mines, world's largest, presently produce 1.1 million ounces annually. They are geared to expand production in a short time if demand picks up.

Second largest producer is Russia, followed by Canada. The U. S. produces only about 11,000 ounces each year, as a by-product of copper, silver and gold mining.

TRANSPORTATION

Airline revenue may have dropped, but interest in improving and building airports has increased. By the end of June the Federal Aviation Administration expects to have about 1,200 applications for federal assistance for such construction.

Stimulus is the Airport and Airway Development Act of 1970. At the start of 1971 requests had come from 436 communities for $343.6 million in funds.

Money is a big factor, especially if FAA recommendations are followed in building regional superairports for airlines. Needed for such a base, the federal agency says, are 40 square miles—four miles by 10. About 24 square miles are needed to cushion jet noise.

In the category of general aviation airports, $45.5 million in assistance has been requested by communities in 38 states, according to the General Aviation Manufacturers Association. These are nonairline-type facilities for the use of business as well as private planes.

EDITORIAL

NO PLACE TO HIDE

If you live outside of Washington, D. C., Maryland or Virginia, you may think you can ignore one new welfare proposal.

The mayor of Washington wants to make a guaranteed income part of welfare there. The cost would be financed by higher taxes on D. C. businesses and citizens, plus a new commuter tax on Maryland and Virginia residents who work in Washington.

President Nixon wants to give a guaranteed income to the poor everywhere. This proposal doesn't face up to the financing question.

But in the long run, the money can come only from higher and/or new taxes on you.

Wherever you are.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A close look at the personal Rolls-Royce.

1. The personal Rolls-Royce is the *Silver Shadow*. The four-door sedan is the standard model. It costs $23,800.

2. The seats are covered with English leather, eight hides to a car. Only one hide in 500 is selected.

3. The panelling is of rare Circassian walnut, cut from century-old trees.

4. Air conditioning is standard equipment. A split-level ventilating system lets you warm your feet and cool your face at the same time.

5. The driving seat adjusts eight ways at the touch of a button. The seatbacks, even the armrests, are adjustable.

6. All the tools (and the six spare light bulbs) are bedded in foam so they don't rattle.

7. Vigilant lights on the instrument panel monitor fuel and coolant levels, engine oil pressure and the twin power-brake circuits.

8. Lights in each door illuminate the ground as you step out, and warn oncoming traffic that a door is open.

9. Both rear seats have illuminated vanity mirrors. Ladies may check their appearance before emerging.

10. The cigarette lighters have illuminated sockets so you can replace them easily in the dark.

11. The power steering is light but not numb. It gives you a reassuring feel of the road. The transmission is automatic. The drive selector is electric; you move it with your fingertips.

12. There are disc brakes all around, operated by three separate hydraulic circuits. Automatic levelling allows soft springs without the feeling that you are driving a double bed.

13. The engine is scrupulously balanced, bench-tested, and balanced again. It's almost perfectly silent, even at 100 mph.

14. The Silver Shadow Convertible is a limited edition. Only 50 cars will be available in America this year. $34,600.

Suggested prices P.O.E., exclusive of local taxes, if any. Slightly higher in Alaska and Hawaii.

For more information, fill in the coupon under the dealer listing elsewhere in this magazine, and send it to Mr. Lynn Perkins, Public Relations and Advertising Manager, Rolls-Royce Inc., Department 1013, Box 2707, Grand Central Station, New York, N.Y. 10017. Our catalogue costs two dollars. Our Owner's Manual, plus a catalogue, costs $12.50.

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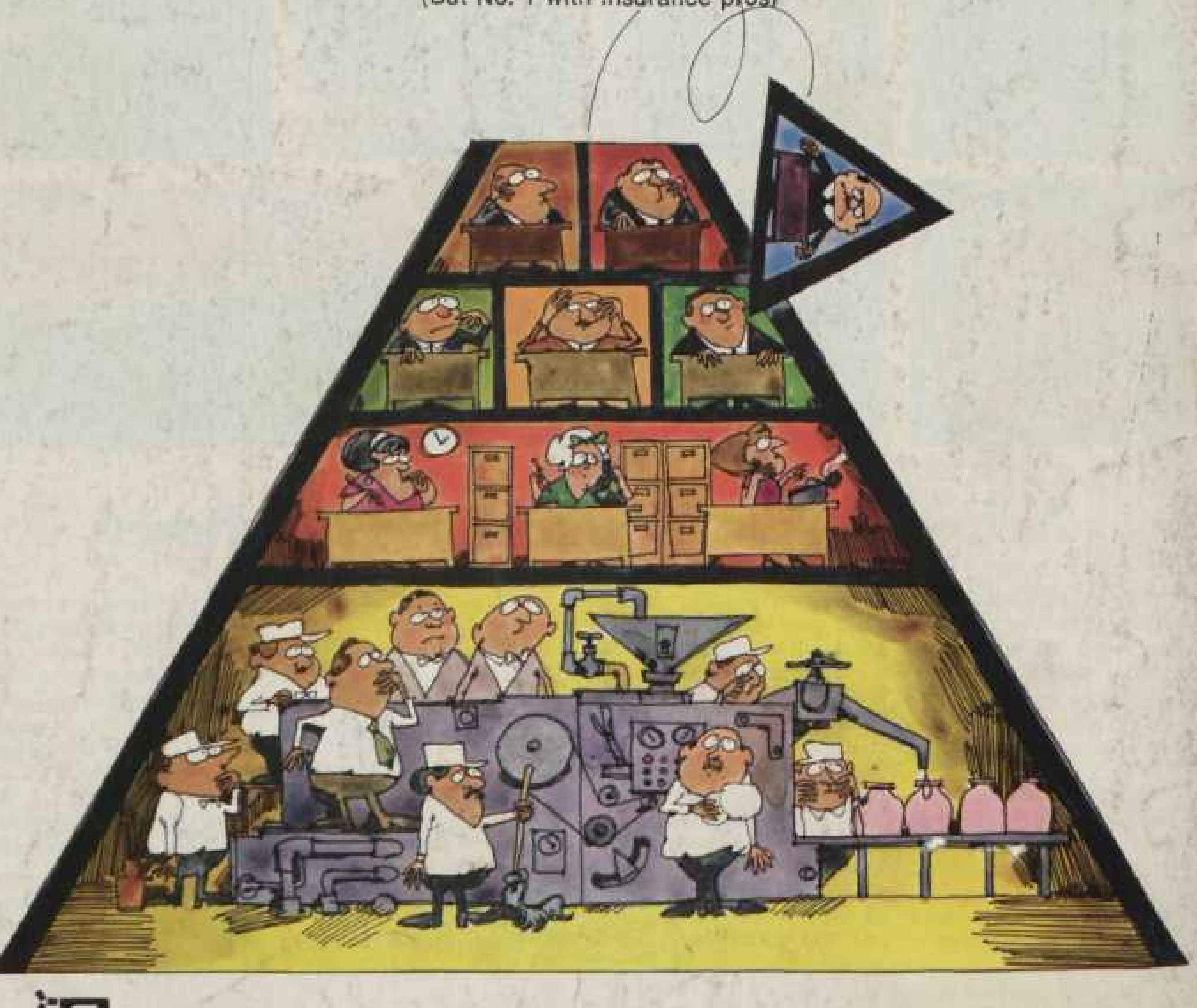

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